THE IMPACT OF WORKFORCE DIVERSITY ON
ORGANIZATIONAL PERFORMANCE: A CASE STUDY
OF AAR GROUP

BY

ENID BUSOLO

UNITED STATES INTERNATIONAL UNIVERSITY-
AFRICA

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THE IMPACT OF WORKFORCE DIVERSITY ON ORGANIZATIONAL PERFORMANCE: A CASE STUDY OF AAR GROUP

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A Research Project Report Submitted to the Chandaria School of Business in Partial Fulfillment of the Requirement for the Degree of Master of Science in Organizational Development (MOD)

UNITED STATES INTERNATIONAL UNIVERSITY - AFRICA

SUMMER, 2017
STUDENT DECLARATION

I, the undersigned declare that this is my original work and that it has not been submitted to any other College, Institution or University other than the United States International University for academic purposes.

Signed: __________________________ Date: __________________________

Enid Busolo (ID No: 121836)

This project has been presented for examination with my approval as the appointed supervisor.

Signed: __________________________ Date: __________________________

Dr. James Ngari, PhD

Signed: __________________________ Date: __________________________

Dean, Chandaria School of Business
ABSTRACT

The general purpose of the study was to determine the impact of workplace diversity on organizational performance at AAR Group of Companies. The study sought to realize three specific objectives, namely; to investigate how age diversity influences the performance of AAR Group of Companies, to examine how gender diversity affects the performance of AAR Group of Companies and, to assess the influence of ethnic diversity on the performance of AAR Group of Companies.

The study adopted a descriptive research design, which was deemed appropriate, as it permitted the researcher to describe the impact of organizational performance and the three types of diversities that the study focuses on. The population for this study comprised of employees of AAR Insurance and AAR Healthcare Kenya Limited working within Nairobi. This population comprised of 90 individuals from all levels of the organizations who were considered to possess the relevant information that the researcher needed for the study. It used the survey sampling and sampled the 90 employees or respondents to participate in the study.

The study found that the respondents were age diverse, aged between 20 and 55 years. The study also established that the majority of the respondents were males and that the majority of the respondents were Kikuyu, followed by Gusii and Luo, then Meru among others. The majority of the respondents were Bachelor’s degree holders followed by holders of diploma certificates. The study established further that “Educational Diversity” had the highest in terms of ranking by percentage mean rating, followed by “Age Diversity” and “Gender Diversity”. And that “Ethnic Diversity” and “Religious Diversity” were ranked as the second least important and the least important respectively.

Regarding the impact of gender diversity on aspects of performance, the study found that competitive advantage was ranked the highest among aspects of performance affected by gender diversity, followed by “Management and Leadership Quality”. “Organizational culture” and “job satisfaction” were ranked as the second least important and the least important respectively. The study found that of the aspects of performance affected by ethnic diversity, “corporate reputation” had the highest in terms of ranking by percentage mean rating, followed by “Employee productivity”. “Job satisfaction” and “team performance” were ranked as the second least important and the least important respectively.
The study found that the correlation between the dependent and independent variables revealed weak relationships between the dependent and independent variables. Pearson co-efficient correlation value for age diversity and organizational performance was a weak positive value; \( r = 0.041, \ p < .05 \), that between gender diversity and organizational performance was a weak negative, \( r = -0.358, \ p < .05 \) while that between ethnic diversity and organizational performance was also a weak positive value was, \( r = 0.119, \ p < .05 \). The study found through a regression analysis that the adjusted \( R^2 \) value of the model indicated that 13.1% of the change or variance in the model could be accounted for by age, gender and ethnic diversities.

The study concluded that, age diversity is a very crucial resource for firms that intend to have sustainable workforce. It argues that gender diversity is a vital factor for organizational performance. This is because it has both internal and external values that facilitate organizational performance. It further contends that ethnic diversity has been determined to be a significant factor in organizational performance. This is especially true for firms that operate in multi-ethnic societies. The principle giveaways for ethnic diversity to corporation are in terms of their value for decision-making, skills pool, creativity and innovation, problem-solving, service and product quality and belonging among other aspects critical for organizational performance.

It recommends that managers should perceive age diversity as a source of competitive advantage within the firm. They should embrace age diversity for the potential impact that it has for creativity and innovativeness in the firm. It also suggests that the management of organizations that want to remain successful in the contemporary gendered world must appreciate gender diversity and integrate it within their corporate strategy. It further recommends that firms must embrace ethnic diversity as a crucial resource for achieving the corporations marketing and sales objectives and for achieving employee job satisfaction. For further studies, it suggests that there is need for more research to examine why in theory it is suggested that diversity results in greater performance but research, such as this one find the association to be relatively weak.
ACKNOWLEDGEMENTS

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To God for the far He Has brought me through the storms of my life while undertaking these studies. Receive All the Glory and Honour.
DEDICATION

It is with deep humility that I dedicate this work to my late spouse, Mr. Austin Beebe. It is so sad you never lived to see this dream come alive. You invested in me financially, materially and offered intellectual support to ensure I succeeded. The memories of all these will live in my heart forever. REST IN ETERNAL PEACE!
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Problem

Thanks to technological revolutions of the contemporary world, globalization and international immigration, the modern workforce is now more varied or diverse in term of composition (Christian, Porter & Moffit, 2006). Workplace or organizational diversity has thus become a buzzword for modern corporations and a topic of high importance for organizations, analysis and scholars. It is more so important for firms that are endeavoring to position themselves aggressively for growth and to attain a competitive advantage (Deloitte, 2014).

In contemporary organizations, diversity is perceptible in the cultural, religious, language, gender, ethnic, educational and personality orientations of the workforce and is a matter of great global concern. In Europe, diversity is being embraced in the public sector as standard *modus operandi*. In 2003, Norway enacted a law that mandated a 40% inclusion of women in the publicly listed companies and the European Commission (EC) has proposed that the members states ensure women presentation in the public listed companies to 30% and 40% by 2015 and 2016 respectively (Christiansen, Lin, Perreira, Topalova & Turk, 2016).

Similar increases in gender diversity have also been witnesses throughout other Western European countries including France, Italy, Spain, United Kingdom (UK), Sweden and Netherlands as well as Luxembourg (Christiansen, et al., 2016). While this move is directed at increasing only one aspect of diversity, gender diversity, it is indicative of international embrace for diversity as a standard aspect of modern corporations. This diversity is also experienced in the age of workforce in the Europe just like elsewhere in the world. It is reported that the European labor force comprises of individuals aged between 18 and 65 years with an even split, 50% being over 50 years and the rest under 50 (Bureau of Labor Statistics, 2001).

In North America and particularly in U.S, Canada and Mexico, diversity is being experienced in all the demographic aspects including race, ethnicity, gender, age, religion and level of education as well as nationality. Parkin and Mendelsohn (2003) observe that
ethnic diversity is inherent in the Canadian and American societies. This means that the people being employed in firms in these countries are not only different in terms of their age and gender but ethnicity and nationality as well. In the US, Kamonjoh (2015) reports that a tremendous increase in boardroom diversity of US corporations has been recorded over the last one decade.

Changes in terms of ethnic and racial diversity have been recorded as the most remarkable transformation in US corporations (Kamonjoh, 2015). Currently, Whites no longer dominate such boards in most cases as Asian Americans, African Americans and Hispanics are currently directors and managers of some of America’s largest corporations. At the same time as, Kamonjoh (2015) notes, there has also been a change in terms of boardroom age diversity of American corporations. It has been reported that between 2008 and 2014, boardroom diversity has changed and now ranges between 30 and 70 years.

Mwikali and Kyalo (2015) observe that in Asian countries, especially Korea and Japan, there has been a paradigm shift in male dominance of the labor markets to one, which has embraced gender diversity. The authors note that in Korea, by 2003, economic participation of the women in the labor force was almost at par with that of men at 48.9% according to a survey conducted by the National Statistical Office. Japan’s Ministry of Labor and Welfare estimated Japan’s women representation at 48.3%. Abdullah (2013) conducted a study on boardroom diversity of Malaysian firms and determined that the studied firms exhibited diversity in terms of gender, age and ethnicity of the boardroom members.

Africa has also witnessed transformation in the diversity of the workforce and embrace of the same. According to Mwikali and Kyalo (2015), Nigeria has realized a precedent change in the heterogeneity of organizations’ workforce. They note that Nigeria organizations not only boast of diversity in terms of age and gender but more importantly in the ethnicity and nationality of the workforce. Kochan, et al., (2003) observes the same in Egypt noting that the workforce in the country is diverse in terms nationality and that many can speak Arabic in addition to foreign languages including French, English and German.
1.2 Statement of the Problem

The insurance industry has faced many challenges ranging from government, to contracting market share as less people are buying premiums, to the vagaries of global economic conditions. According to Swiss Re-Sigma (2012), gross premium declined by 1.3% and 0.8% in the emerging and developed markets respectively. Internally, insurance companies have had to grapple with the increasing diversity of the workforce and the need for diversity management has been an added strain on resources.

African Air Rescue (AAR) initialized operations in 1984 as a company focusing exclusively on air rescue activities. However, it later transformed into a health management organization offering both healthcare and insurance services as it’s two Specific Business Units (SBU) (Zikusooka & Kyomuhangi, 2007). Since then, the company has experienced extensive growth rates growing into multinational corporation (MNC) with affiliates within four East African states, Rwanda, Kenya, Uganda and Tanzania, establishing a branch in Zambia in Southern Africa (AAR Insurance, 2017).

With this growth, the company has witnessed a precedent growth in the diversity of its workforce in terms of age, gender, ethnicity, nationality, race, religion, educational background among others. The extent to which this diversity can account for the company’s growth and expansion is interesting and worth studying. Certainly, the cross-industry realization of the potential positive impacts of workforce diversity has inspired interest in the issue.

Deloitte (2014) observes that workforce diversity has become a topic of great importance in organizations and scholars concentrated on the examining its impacts on organizational performance. Agolla (2007) concurs arguing that the workforce diversity management is an indispensable tool in attaining efficiency in firms. Moore (2011), partner and head of London-based Crowe Clar Whitehall contends that diversity is an indispensable tool in the attainment of competitive advantage and optimum organizational performance.

Despite the existence of a lot of literature on the relationship between diversity and organizational performance, not much study has been done on how demographic diversity affects organizational performance. Furthermore, the few studies that have focused on the impact of demographic diversity on organizational performance, have not examined there impacts on non-financial aspects of organizational growth (Darwin, 2014). Consequently,
understanding how diversity affects such performance attributes such as creativity and innovation, decision-making, the quality of services and products, intra-organizational communication and flow of information, management and leadership, corporate culture and reputation, team performance, employee productivity and job satisfaction as well as the competitive advantage is still problematic.

In fact, as Gupta (2013) observes studies on the same are mostly inconclusive on the nature of the relationship. Mwikali and Kyalo (2015) observe that very little scholarly attention has been paid to the research problem in Kenya. It is important to mention that no published data exist in Kenya regarding the impact of diversity on the performance of insurance companies. As such, the current study finds its justification and significance on many fronts. It aimed at contributing literature to this vastly ignored area especially on the non-financial impact of age diversity, gender diversity and ethnic diversity on the firm.

1.3 General Objective

The general purpose of the study was to determine the effect of workplace diversity on organizational performance at AAR Group of Companies;

1.4 Specific Objectives

1.4.1 To investigate how age diversity influences the performance of AAR Group of Companies;

1.4.2 To examine how gender diversity affects the performance of AAR Group of Companies;

1.4.3 To assess the impact of ethnic diversity on the performance of AAR Group of Companies;

1.5 Significance of the Study

The findings of this study may be important to any interested organization that seeks to understand the effect that age, gender and religious diversity has on their overall performance.
1.5.1 Management of AAR Group

The management of AAR Group stand to be principal beneficiaries of the study. The study will help the management recognize and appreciate the importance of workforce diversity in the attainment of the competitive advantage and organizational performance. The study will accord AAR management how deriving value inherent in employee’s different perspectives can enhance specific attributes of performance such as problem solving, decision making, employee satisfaction and morale among others. It will further enable AAR to recognize value associated with heterogeneity in age, gender and ethnic identities of the employees. The study will therefore, provide awareness on how diversity is of strategic importance for AAR and give insight into how the Group’s management can utilize diversity to enhances organizational processes and attain optimum performance.

1.5.2 Employees of AAR Group

Apart from being of vital importance to AAR management, the study will also be of significant importance to the employees. It will provide employees with information regarding the importance of their age, gender and ethnic diversity to the enhancement of organizational performance. As such, it may help the employees embrace diversity and appreciate the importance of the multiple perspectives, ideas, experiences and knowledge that comes with diversity. It could help the employees appreciate diversity and exploit their differences to attain the organization’s goals.

1.5.3 Other Organizations

Other organizations will also find the study very important. The findings of the study may help other firms to assess or evaluate the effectiveness of their diversity in the attainment of organizational performance. In so doing, the study will form an indispensable source of information on how to strategically utilize diversity to leverage their competitiveness in the modern competitive business environment. The study may help these firms benefit by re-evaluating their diversity strategy and opening up their firms to a myriad or perspectives, experiences and knowledge, which may help them achieve and maintain a competitive advantage.
1.5.4 Researchers and Academicians

The information provided in the study will contribute to the current body of literature focusing on the effects of diversity on organizational performance form an importance source of information for future studies. By focusing in the internal dimensions of diversity, specifically the demographic aspects, the study will inspire future research on the subject and facilitate future research on the subject. The study findings regarding the negative impacts of diversity on organizational performance will also lead to more research on the subject in a manner that may precipitate greater understanding of the relationship.

1.6 Scope of the Study

The study primarily centers on the effects of organizational diversity on organizational performance. It specifically examines how age diversity affects organizational performance, how gender diversity affects organizational performance and how ethnic diversity affects organizational performance. Therefore, the study focuses on the functional diversity that has an impact on organizational performance as opposed to non-functional diversity. Furthermore, the study was both a primary and a secondary study.

The primary dimension involved the collection of primary data through the use of semi-structured questionnaires to collect respondent’s opinion on the research problem. The data was collected among employees of AAR Insurance and AAR Healthcare Kenya Limited working within Nairobi. The data collection was conducted over a period of one month. The secondary dimension involved the collection of secondary data from secondary data sources, particularly the academic sources. As such, the secondary data was collected through a review of; peer reviewed journal articles, books, releases by relevant organizations and electronic sources including. The secondary sources mostly comprised of those written or published within the last decade to ensure achievement of relevancy of the data.

1.7 Definition of Terms

Following are definition of key terms and concepts that will be used in the course of the study.
1.7.1 Age Diversity

Refers to generational differences among individuals or employees in a corporation and the values and perspectives attached to each (Backes-Gellner & Veen, 2009).

1.7.2 Creativity and Innovation

Creativity refers to the generation of novel ideas which are both useful and appropriate while innovation is the intentional introduction, within a workteam of novel ideas, procedures and processes that are new (Rietzchel & Zacher, 2015).

1.7.3 Diversity

Diversity refers to the existence of a workforce in which individuals come from different socio-cultural and religious backgrounds (Raza, Ishtiaqi, Butt & Newaz, 2013).

1.7.4 Ethnic Diversity

Ethnic diversity refers to the heterogeneity in the mother religion, languages, cultures and races that exists among employees in a firm (Hoogendoorn & van Praag, 2012).

1.7.5 Gender Diversity

Gender diversity implies psychological disparities and experience that socially or culturally attached to being a male or a female within the organization (Ali, Kulik & Metz, 2011).

1.7.6 Heterogeneity

Heterogeneity refers to the degree or extent of basic human disparities in a given population in terms of gender, race, ethnicity, social class and religion among others (Zaidi, Saif & Zaheer, 2010).

1.7.7 Team

Teams refer to a pool or collection of individuals who are autonomous in their tasks but have a common goal or share accountability for the overall outcome or consequences (Raza, et al., 2013).
1.8 Chapter Summary

Chapter Two of the study has highlighted the background of the study and stated the problem that has inspired the study. The chapter has further highlighted the general objective of the study and presented the objectives that the study intends to achieve. Chapter One has also explained the significance of the study, identifying groups that stand to benefit from the study and how. The chapter has also provided the boundaries of the study under the scope of the study and defined some of the key terms and concepts that will be used in the study. In all, Chapter Two has provided the blueprint of the study, and has underscored what the study intends to achieve.

Chapter Two provides a review of existing literature. The literature reviewed covers, previous findings, theories and concepts concerning the relationship between age diversity, gender diversity and ethnic diversity with the various elements or aspects of organizational performance. The literature review attempts at finding out what previous studies, concepts and theories say about the relationship between the three aspects of diversity and organizational performance, whether there is consensus among scholars on these. Nevertheless, more importantly, the review also intends to determine whether there is consistency among the previous findings and possible gaps in existing literature.

Chapter Three provides or presents the research methodology for the study. The chapter highlights the research design that will be used in the study, identifies, and describes the population of the study. The chapter will also define and explain the sampling design for the study and determine the sample size of the study. Chapter Three further explains the data collection instrument for the study, research procedure and the data analysis methods to be used.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of existing literature on diversity and organizational performance. The chapter examines existing literature to assess previous study findings on how various aspects of diversity, principally age, gender and ethnic diversities impact on the various elements or measures of performance. It intends to unearth whether there is a consensus among scholars on the impact of the three diversities on organizational performance.

2.2 Effect of Age Diversity on Organizational Performance

2.2.1 Creativity and Innovation

Age diversity has been found to be a vital and strategic capability that adds (if not creates) value to the firm especially in the face of competition (Darwin, 2014). One way in which age diversity brings value to the firm and increases a firm’s overall performance is by facilitating creativity and innovativeness. Creativity refers to the generation of novel ideas which are both useful and appropriate while innovation is the intentional introduction, within a workteam of novel ideas, procedures and processes that are new (Rietzchel & Zacher, 2015).

However, Rietzchel and Zacher (2015) contend that despite an increase in empirical studies on ages and work, studies focusing on the link between age and creativity or innovation have not been limited. Nonetheless, some of the studies that have been conducted on the issue have found a positive realationship between age diversity and creativity and innovativeness in ideas, procedures and processes in the organization (Rietzchel & Zacher, 2015; Darwin & Palanisamy, 2015). Other studies have associated age diversity with more performance in creative tasks. Simons and Rowland (2011) found that diversity produces different perspectives, knowledge and skills that enhance creativity and innovativeness and less conformity with past and existing norms.

Gupta (2013) asserts that values that people of different age group possess do complement each other and that this increases the innovativeness and creativity of age-heterogeneous workforces as compared to a more homogeneous one.
However, age diversity does not always generate positive results on organizational performance due to common stereotypes that surround the issue of age. Some of the stereotypes are that old workers are prone to more health problems, are unable to adopt to the current technological demands and organizational changes and are generally offer poor returns on investment (Tolbize, 2008). In fact, some studies have found that more diversity in age has significantly less effect on the overall productivity of the firm. Darwin (2014) argues that due to the stereotypes, firms do not explore the full potential offered by both the old and the young employees in their firm.

Nonetheless, as Darwin and Palanisamy (2015) note, some studies have also found no important link between age diversity and a firms’ performance. A similar finding was found by Ng and Felman (2013) when they conducted a bivariate analysis on the relationship between the two: age and innovation (creativity), focusing on creativity (idea generation), ‘selling’ of ideas to customers (idea dissemination) and implementation of the idea and found neither linear nor non-linear association.

At the same time, Darwin (2014) found a negative association between employee performance and age diversity. However, it is possible that other contravening factors including the nature of work, the firm’s business strategy as well as the human resource practices that influence employee performance. The limited research on the issue could explain the inconsistencies of current literature on the link between age diversity and creativity, and innovativeness.

2.2.2 Decision Making and Problem Solving

Decision-making is a spectrum of cognitive functions that are performed consciously and which incorporate consideration of environmental elements in a given context and time (Cardelle-Elawar, et al., 2007). It is the fulcrum of the functioning of the firm and therefore a critical aspect of organizational performance. Decision making also involves the interaction the person solving the problem and the problem that requires solving in a given context. Zaidi, et al, (2010) has stated that age diversity is an indispensable asset in modern corporations. He states further that owing to their intuition and experience, older employees bring a vital set of experiences and intuition that help in decision-making.

Darwin (2014) considers the young employees as being equally crucial in decision making in modern organization as they are better informed of the information and
technological aspects of the modern business environment. Therefore, it can be argued that a generational mixture comprising of an older and younger workforce is a vital source of salient and new decisions and problem solving.

Glass (2007) observes that current top leadership and managers of firms tap into the power of age diversity within the firm. In so doing, they are capable of making varied and potentially effective decision having considered the perspectives provided by such a heterogeneous workforce. Further, Zaidi, et al, (2010) contends that age heterogeneity in a workforce enhances the level of creativity in the ideas from which the firm’s top management is capable of defining and implementing novel solutions in anticipation of or in response to problems. It also follows that quality decisions can therefore be achieved through teamwork of age-heterogeneous groups.

Consensus building in response to a problem or conflict is also possible within an heterogeneous workgroup (Tolbize, 2008). Dezo and Ross (2013) note that age diversity may not always lead to informed decision-making or ease problem solving. They point to the potential of such disparities and the stereotypes that underscore them as a real source of conflict if not effectively managed. Simons and Rowland (2011) concur pointing to the social attraction paradigm that perceives a more homogenous group as capable of problem solving and making decisions more effectively. It follows also that the potential of communication problems within a group that is more diverse in age is very real, as the values, perspectives, experiences and possibly skills become the flashpoint for intergroup communication (Darwin, 2014; Tolbize, 2008).

Consequently, these issues could in fact undercut the potential of age diversity to contribute, positively to decision-making and problem solving leading to persistent conflict and slow or poor decision making instead. Zaidi, et al, (2010, p.5) have boldly stated “Quality problem solving is the result of heterogeneous environment within organizations.”

2.2.3 Quality of Services and Products

Previous research has determined a link between age diversity and aspect of organizational performance such as quality decision making, creativity and innovation. It follows then that age diversity should also have an impact on the quality of services and products that a firm produces. Mutunga and Gachunga (2013) while commenting on
succession planning on firms, contend that workforce age diversity in a firm facilitates the upward (reverse mentoring) and downward (mentoring) exchange of information and ideas across the generational groups.

These exchanges lead to the change or maintenance of a firm’s service or product quality. In fact, as Darwin and Palanisamy (2015) observe the various perspectives, knowledge and experiences that people from different age groups bring to the product or service development may lead to important improvement in the quality of the product or service that the firm eventually produces. Parrotta, Pozzoli and Pytlikova (2011) studied the impact of age diversity in firms and found that such a diverse workforce has benefits in terms of production of quality products and services. They postulate that the younger employees bring their knowledge of Information Technology (IT) while older employees bring their better understanding of the market dynamics to generate products and services that are of high quality, which capture the intended market.

Thus, age diversity creates a situation in which generational skills, knowledge and experienced are harnessed in the production process ending the production of good and quality products. Alesina and La Ferrara (2005) share a similar sentiment arguing that workforce that is heterogeneous in age, precipitates more creativity and productivity which ultimately translates into better goods and serves as well as increased productivity of the firm.

2.2.4 Intra-Organizational Communication

Most studies that have examined the impact of age diversity on intra-organizational communications have found little evidence that it has a positive impact (Gupta, 2013; Simons, et al., 2011; Ali, et al., 2011). In fact, Rietzchel and Zacher (2015) have found that age is an important flashpoint for communication within the firm. According to Darwin (2014), this body of literature finds that age diversity makes communication both difficult and infrequent and may ultimately result in communication breakdown within the firm. Furthermore, the differences between the young and the old employees may result in disparities in the values and preferences of the different age groups making communication difficult. Marx, Pons and Suri (2015) found that the differences in verbal and non-verbal communication evident in the exchanges across generational groups was a
hinderance to the exchange of information and communication within Kenyan organizations.

While several studies suggest that intra-organizational communication is a victim of generational diversity in a firm, some scholars have argued to the contrary. Darwin (2014) observes that several previous studies have generated empirical evidence that a greater diversity in workforce age has a positive impact on intra-organizational communication. Reinhard and Warglien (2007) examined the circumstances under which teammates are able to develop a common language. It follows that people who work together become more cohesive, understand each other and are capable of interpreting each other’s communication cues. This does not undermine intra-organizational communication but contributes to it and makes it more effective.

2.3 Effect of Gender Diversity on Organizational Performance

2.3.1 Quality of Organizational Management and Leadership

Debates are rife on the impact of gender diversity in the top-level management and organizational leadership on the general performance of the organization. Chin (2013) reports that a study found that firms that had high gender diversity in their top-leadership reported significant abnormal returns. Van Knippenberg, De Dreu and Homan (2014) found that while most top leadership and management in most firms are dominated by men, an inclusion of women in such teams make them not only become diverse but also improves the quality of the leadership and top-level management.

Gender diversity in senior management teams has increased, probably due three important reasons. According to the Research Institute (2012) these are; the changing proportion of women board-level positions, increase in government intervention and change in debates on the issue of gender as an issue of equality and fairness to one of superior performance. Van Knippenberg, et al., (2014) are in consensus contending that gender diversity improves the quality of organizational leadership and management by stating that gender diversity enhances managerial information processing and decision making of the managerial team resulting in effective strategy formulation and decision making key processes. Nakagwa (2015) found that gender diversity in addition to other kinds of diversities in the workforce provided more innovative and higher-quality solutions, due to
a combination of gender-based perspective presented by both males and females in the managerial teams.

In other words, gender diversity accrues a spectrum of insights into the vital strategic leadership and managerial decision enhancing the quality and potential effectiveness of such decisions for the firm. Dezo and Ross (2012) contend that heterogeneous groups (in terms of gender) provide different perspectives and bring different views and experiences that inform leadership and managerial roles and lead to high quality decisions at this level. The authors go further to postulate that a mere presence of a woman, having congruent information on the issue at hand may stimulate a broader and a deeper deliberation of alternative in the top management team (TMT).

Organizational leadership may also benefit in terms of leadership styles. Research has determined that women and men exhibit disparities in their managerial behavioral propensities (Van Knippenberg, et al., 2014). Dezo and Ross (2012) for instance that women lean towards a more interactive leadership accentuating inclusion, participation and power sharing while men tend towards a less interactive leadership style, one focused on goal attainment with little participation. It follows then that moderate to high gender diversity may have a positive result in the leadership style that the organization adopts which can be a hybrid between the managerial behavioral and leadership propensities of males and the females.

Nonetheless, despite these findings, it is important to mention that the impact of gender diversity on the firm’s leadership is a contested issue among scholars. Some studies including Tolbize (2008) found that male dominated top-level management teams more often than not, ignored the opinions of their female counterparts.

2.3.2 Competitive Advantage

According to Ali, Metz and Kulik (2007, p. 3), the resource-based perspective holds that a firm can achieve sustained competitive advantage (C.A) by exploiting the “valuable, rare, inimitable and non-sustainable (VRIN) resources”. Gender diversity is associate with the VRIN resources that are capable of helping the firm to attain a C.A. Ali, et al., (2007) identify these resources including creativity and innovation, improved problem solving and market insight. It follows that a gender diverse workforce has the potential to enhance the team’s general market insight as well as creativity and innovation. Darwin and
Palanisamy (2015) make this point when they argue that a diverse workgroup brings different experiences, skills set and insights that enhance overall team performance which promote the performance of the organization.

Studies has found diversity to be a strategic source for the attainment of competitive advantage. For instance, Raza, et al., (2013) found that gender, education, cultural and age diversities has a positive influence on the organizational competitive advantage. According to Darwin and Palanisamy (2015), some studies have found that mixed gender groups are perform more effectively than same gender groups. In this sense, it is arguable that gender diversity does accrue competitive advantages to firms that are more diverse in the gender composition of their workforce than firms that have a more homogeneous gender workforce. Ali, et al., (2007) looks at gender diversity and decision-making and contend that gender diversity enhances organization’s C.A by facilitating the making of quality decisions.

A more gender diverse workforce brings to the firms a spectrum of perspectives, skills and knowledge that an organization can tap into and base its strategic goals up (Ali, et al., 2013). Such a spectrum of perspectives is indispensable when it comes to decision making, and the resultant quality and informed decision accord the firm a competitive advantage when it comes to market analysis and determining a working business strategy. Zaidi, et al, (2010) has argued that there is a positive link between gender and such aspects of competitive advantage as market share, profitability and corporate image.

According to Ali, et al., (2007) the VRIN resources that gender diversity brings to the firm are not capable of being copied or accomplished by heterogeneous organizations and are therefore inimitable. According to Nakagawa (2015), some studies have even gone as far to suggest that gender parity in the firm in which women make up 50% will result in the attainment of optimal performance for the firm. Nonetheless, there is also body of literature that argue for a negative consequence of gender diversity on organizational performance. These findings appeal to the self-categorization theory, which contends that people have the propensity of classifying themselves into psychological and social identity groups (Ali, et al., 2011; Simons & Rowland, 2011).
2.3.3 Job Satisfaction

Job satisfaction and be understood as the extent to which employees in an organization contended with their employment (Zaidi, et al., 2010). It also refers to the extent to which individuals derive a sense of belonging to the firm and espouse the firm’s key values. According to Zaid et al (2010) workforce diversity, especially gender diversity has been found to be positively linked with job satisfaction. They find that a more homogeneous workforce in terms of gender was also related with reduced job satisfaction since men and females like to work together. The impact of gender on job satisfaction is highly significant. Even though there is change, due to the conventional assumptions, it is still difficult for women to progress to higher or senior positions of leadership in most firms (Fatima, Iqbal, Akhwand, Suleman and Ibrahim, 2015).

According to Fatima, et al., (2015) several studies have found a connection in gender variances with job satisfaction. Sania, Kalpina and Javed (2015) opine that diversity in the workplace transforms the nature of the relationship among the staff members, changes which can lead to increased job satisfaction and employee morale. Raza, et al., (2013) point out that workforce gender diversity can facilitate information, skills and experiences exchanges and lead to the creation of cohesion and attachments among employees of different genders and positively influence their overall perceptions of the job.

Nakagawa (2015) conducted a study among Japanese firms on the relationship between gender diversity and various aspects of organizational performance. One of his principal findings was that a more gender diverse workforce created a feeling of inclusiveness and belonging to the firm among employees especially the female employees and led to higher feelings of job satisfaction among them.

However, they caution that is gender diversity is not effectively managed it may result in causing stress among the employees and result in a negative working relationship among the employees. This perspective is supported by the social identity, attraction and social categorization theories, all of which propose that diversity based on gender may result in the grouping of people into social cocoons with others with whom they share biological or social similarities (Raza, et al., 2013). Furthermore, the gender-based stereotypes also work against the findings that gender diversity leads to job satisfaction. For instance, Nakagawa (2015) found that the leadership in Japanese firms perceived females
employees as being significantly handicap and expected women to leave the company to raise children sooner. This perception, he notes, created a feeling job insecurity among the female workforce than the males leading to higher job dissatisfaction among the women. Mwikali and Kyalo (2015) contend that diversity may result in less satisfaction with the job for the members of the minority group. Thus, less gender diversity may lead to a feeling of discontent with the job for women or men if they are the ones in the minority.

2.3.4 Organizational Culture

Abu-Jarad, Yusof and Ninkin (2010) explain that culture can be conceptualized as novel ideas, unique customs, particular skills and specific means of operation of individuals or a firm and which is manifested in both the firms’ internal and external operations. The term organizational culture is used interchangeably with corporate culture. In even though they may be implicitly different the concept of organizational culture is linked to corporate image. According to Adeosun and Ganiyu (2013) business or corporate reputation is the general perception of the firm by the firm’s internal and external stakeholders and which is informed by their firm’s current activities and potential future behaviors of the firm.

Such a reputation may be that the company is known for sustain gender parity in its workforce, producing or providing high-quality products or services respectively (Caruana & Chircop, 2000). Corporate reputation is of rudimentary importance to any corporation whether small or big it influences organizational performance as well the external and internal stakeholder’s perception of the firm, which may shape employees level of satisfaction with the firm and their motivation and morale for duty execution (internally) or may shape customer loyalty and market share (externally).

Thus, as Carter, D’Souza, Simkins and Simpson (2010) contend, while the election of a women in the influential and powerful position in the firm’s committee would have given a company and image of board incompetence two decades ago, currently firms with a gender-balanced boardroom culture are conceived as both highly competent and efficient. Abu-Jarad, Yusof and Ninkin (2010) contend that there is a positive relationship between organizational culture and organizational performance. Achua and Lussier (2013) propose that high-performance organizations have perceptibale and unmistakable profiles that set them apart from the rest in the competition and average performance.
They explain further that such a profile includes peculiar features and characteristics that make the organizational culture. Hofstede (1980), even though writing a long time ago, provides a clear definition of the organizational culture. He defines it as the mental process that differentiates members of one group from another and argues that culture is at the basis of organizational performance. A firm’s corporate culture in respect to gender diversity can be perceived as the extent to which the organization embraces both men and women, identifying itself as a gender diverse firm.

Gender diversity influences a firm’s culture in that it determines the business philosophy, beliefs and approaches to doing business and intra and extra-organization interactions (Ebtesham, Muhammad & Muhammad, 2011). Gender diversity in the organization has been found to bring different perspectives in decision making, different ways of communicating and different ways of interpreting the business environment and the market (Zaidi, et al, 2010; Ali, et al., 2007; Darwin and Palanisamy (2015).

2.4 Impact of Ethnic Diversity on Organizational Performance

2.4.1 Employee Productivity

For virtually all organizations productivity is indispensable for long-term profitability and competitiveness (Muchiti & Gachunga, 2015). Productivity has been defined as the measure or quantification of how effectively resources are adopted in the firm and used to accomplish a set of organizational objectives (Ofoegbu, Olawepo & Ibojo, 2013). Generally, productivity is the qualitative association between resources used in production and what is produced in a particular production. In other words, it is the ratio of input and output (Muchiti & Gachunga, 2015). The lower the ratio the lower the productivity and vice versa. When applied to employees, productivity is a concept which is both difficult to express and to measure (Ofoegbu, et al., 2013).

Muchiti and Gachunga (2015) contend that four factors can be used as indicators of employee productivity. These include increased efficiency, employee motivation, job satisfaction and product/service quality. According to Nnabuife (2009) motivation can be conceptualized as both the external and the internal driving force which generates the willingness to perform an activity to its conclusive end. As such, employee motivation is the employee’s willingness to perform an activity with utmost dedication to aid the attainment of a predetermined organizational goal.
Efficiency is efficacy or effectiveness of a process or an activity which results in the full and comprehensive attainment of a predetermined objective (Darwin & Palanisamy, 2015). Job satisfaction is the level of contentment that an employee feels with his or her job and his or her execution of the duties assigned to him or her. Product of service quality is the ability of the product or services to meet or/and exceed customer expectations. Rasul and Rogger (2015) argues that ethnic diversity has an effect on productivity by shaping how people feel motivated about their jobs, the level of efficiency in the firm, employee satisfaction with their job and the quality of products and services that a firm produces.

Hoogendoorn and van Praag (2012) observe that ethnic diversity is one of the most relevant and salient dimensions of workforce heterogeneity. They define ethnic diversity as the heterogeneity in (mother) or primary languages, races, religions and cultures measured in terms of country of birth, of the parents of/or an individual. It is underscored by a multiplicity of information sets, norms, ability levels and knowledge (Morgan & Vardy, 2009). As such, ethnic diversity can potentially shape how people feel motivated about their jobs, the level of efficiency in the firm, employee satisfaction with their job and the quality of products and services that a firm produces. This because of the diversities in terms of knowledge, skills, perspectives and experiences inherent in it.

Darwin (2014) has contended that ethnic diversity has a positive effect on organizational performance as it creates a pool of skills sets and learning opportunities that the firm can tap into for positive performance results. The point is that ethnic diversity allows or permits the firm to match individuals from different the thnic or cultiural backgrouss tasks and assignments in which they are most competent (Rasul & Rogger, 2015).

According to Gupta (2013) ethnic diversity also has a similar impact on organizational performance. This is view is supported by Ostergaard, Timmermans and Kristinsson (2011) who found that ethnic diversity increases creativity and innovativeness in the firm by expanding the perspectives and viewpoints in the firm. Some studies have found that a more ethnically diverse workforce exhibit more creativity, innovativeness than a more ethnically homogenous workforce does (Darwin & Palanisamy, 2015). This is probably because of the learning opportunities, perspectives and complementarities that ethnic diversity brings to the firm.
Ethnic diversity coincides or is associate with a variety of information sets, norms, abilities and knowledge that work to improve not only organizational decision-making but also problem solving as well (Darwin & Palanisamy, 2015). Additionally, Ostergaard, et al., (2011) has argued that ethnic diversity is both directly and intricately linked to team and organization innovative performance.

Gupta (2013) has observed however, that more ethnic diversity has a negative impact on communication and problem solving. Kellough and Naff (2004) have contended that regardless of the concerted efforts to erase ethnic differences that are inherent in a ethnic diverse workforce, the problem if entrenched. Drawing from the ethnic identity theory they contend that people have the tendency of forming ethnic identities and identifying with those from their own ethnic group.

This can be linked to the self-categorization and the social identity theories that perceive a tendency among people sharing commonalities in terms of ethnicity, gender and age to form into homogenous groupings and consider as an outcast those with whom they are different (Simons, et al., 2011; Ali, et al., 2011). The formation of ethnic identities and the creation of a feeling of in-groups versus out-groups is one of the major destabilizing factors in ethnically diverse workforce and one which can affect employee job satisfaction and moral and result in poor general organizational performance (Gupta, 2013; Simons, et al., 2011; Ali, et al., 2011).

### 2.4.2 Team Performance

A team had been defined by Raza, et al., (2013) as a pool or collection of individuals who are autonomous in their tasks but have a common goal or share accountability for the overall outcome or consequences. Teamwork refers to a process where employees form functional groups or are grouped into work categories to achieve a given organizational objective (Delarue, Van Hootegem, Procter & Burridge, 2008). A high-performance team can is a group of individuals with precise roles and complementary skills and talents, committed to and aligned with a shared purpose, who constantly show high levels of collaboration and innovation, that produce superior results populations (Hoogendoorn & van Praag, 2012).

Mathieu, Maynard, Rapp and Gilson (2008) conceive three subcategories of team performance (i) organizational-level performance; (ii) team performance behaviors and
outcomes; and (iii) role-based performance. In the first instance, organizational-level performance, there is a one-to-one link between organizational outcomes and team characteristics. In relation to team performance behaviors and outcomes, the relationship is examined between team performance and cohesion Role-based results capture the level to which team members display the essential competencies obligatory to perform their jobs (Mathieu, et al., 2008). It is the latter that is crucial for the current analysis of the impact of ethnic diversity on team performance and ultimately on organizational performance.

There seems to be a paradigm shift in most organizations, globally, from a more person or team-based structures to a more team-based structures especially for the completion of intricate tasks and meeting deadlines (Raza, et al., 2013). The increasing globalization has seen to an increase in ethnic diversity of firms. Multinational firms in particular currently staff workforce that comprises of both local and international populations (Hoogendoorn & van Praag, 2012). Ateam’s approach is perceived as according firms relative advantage over competitors that are still focused on individual-based structures. According to Gupta (2013), Hoogendoorn and van Praag (2012), ethnic diversity coincides with information sets, abilities and skills set that affect the formation and performance of teams in modern organizations. In other words, ethnic diversity has been found to improve organizational performance because of the formation of more effective teams.

According to Delarue, et al., (2008) ethnically diverse teams are capable of increasing both team and organizational performance by facilitating self-leadership, empowerment, employee job commitment, and the motivation of individual employees to work harder. An ethnically diverse workforce increases team performance and ultimately organizational performance because of learning opportunities and complementarities that people from different ethnic or cultural backgrounds bring to the team (Hoogendoorn & van Praag, 2012). Gupta (2013) found that the positive association between team performance and is only true if team members are more ethnically diverse.

Lee and Nathan (2011) found a positive link between ethnic diversity in teams and an increase in the level of creativity and innovativeness of the teams. Hoogendoorn and van Praag, (2012) argue that owing to opportunities for learning and complementarities, ethnically diverse teams are linked with more innovation and creativity. Ethnic diversity
would advantage team performance owing to a supplementary diverse pool of knowledge and skills that leads to complementariness and mutual learning (Kellough & Naff, 2004).

However, Gupta (2013) is skeptical of the positive link between ethnic diversity and team performance arguing that there is no effect of a moderate ethnic diversity on team performance hence no resultant effect on overall organizational performance. Gupta (2013) argues that moderate ethnicity has zero impact on aspects of business outcome such as profit, market share and sales. Kellough and Naff (2004), Gupta (2013) and Simons, et al., (2011) point out that some studies have found that team ethnic diversity is a potential and even an inevitable source of conflict in organizations.

Indeed, the multiplicity of perspectives, value dimensions and experiences that people from different ethnic backgrounds bring to a team can result in the flaring of emotions and interpretations of issue that result in conflict (Hoogendoorn & van Praag, 2012). The contribution of cultural or ethnic diversity to organizational performance has mixed conclusions. Parrotta, et al., (2011) observes that an ethnic diverse workforce may bring different perspectives, ideas and experiences that may affect organizational process positively or may produce conflict among workforce groups and undermine team and firm performance.

Marx, et al., (2015) founds that workers have preconceived overt and implicitly preferences on who they would like to work with and therefore increasing ethnic diversity may result in disunity and lack of cohesion within the workforce. They point out that is more true in organizations operating in countries in which ethnicity is underscored by strong emotions. Hjort (2014) studied the impact of ethnic diversity in the productivity of the flower industry in Kenya. His findings were that productivity decreases with an increase in ethnic diversity as it increases conflict levels among ethnic diverse performance groups.

2.5 Chapter Summary
Chapter two has provided a review of the existing literature on the impact age, gender and ethnic diversities have on the various elements or measures of performance. It has found that there is lack of consistency in existing literature on how these three dimensions of diversity affect organizational performance. Some scholars have found that the impacts are positive while others have found that the impacts are negative.
Still other scholars have contended that the impacts are both positive and negative. The literature review has revealed that theoretical standpoints on the issue are also as divided as the findings on the same. Therefore, this study attempts to find out the situation in the Kenyan scenario. The next chapter explains the research methodology for the study.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

Chapter Three provides or presents the research methodology for the study. The chapter highlights the research design that was used in the study, identifies, and describes the population of the study. The chapter defines and explain the sampling design for the study and determine the sample size of the study. Chapter Three further explains the data collection instrument for the study, research procedure and the data analysis methods to that were used.

3.2 Research Design

The general strategy adopted by the research to integrate varied attributes of the research, which are both coherent and logical is referred to as the research design (Blanche, Durrheim & Painter, 2006). By designing the research, the research guaranteed that the problem that the study seeks to investigate is effectively addressed. Consequently, a research design can be perceived as the blueprint of the study highlighting the data collection method, the scrutiny and measurement of the data.

Thornhill and Saudnders (2000) advice that the research design that a researcher prefers for a study should depend on the problem that the study intends to investigate. It follows then that the research problem defines the research design to be used to operationalize or investigate it. Without a relationship between the research problem under investigation and the research design chosen, the study would generate senseless results.

This study used a descriptive research design. Blance, et al., (2006) have explained that a descriptive design is essential in studies that seek to find out ‘how’ events or phenomena are related. Bless, Higson-Smith and Kagee (2006, p.48) permits the research to investigate and describe the relationship between variables while further allowing the researcher to test “factual hypothesis.” Therefore, a descriptive research design permitted the researcher to collect information regarding what the situation is and describe the relationship between organizational performance and the age diversity, gender diversity and ethnic diversity which are the main focus of the study.
3.3 Population and Sampling Design

3.3.1 Population

The larger pool of people, events and items from which the researcher draws the elements, individuals and cases for sampling is the population (Blanche, et al., 2006 & Bless, et al., 2006). It is also upon the population that the research extrapolates the results of the research. However, Bartlett, Kotrilk and Higgins (2001) advices that such a population should be homogeneous in that it must possess and exhibit the information of interests to the researcher. The research is valid if the findings it generates close links to the opinions, features and characteristic of the population (Bartlett, et al., 2001).

The population for this study comprised of employees of AAR Insurance and AAR Healthcare Kenya Limited working within Nairobi. The population involved employees at the company’s headquarters at Real Towers, Upperhill; Sarit Centre Branch, Westlands; ICEA Building, City Center Branch; NHIF Building, Upperhill Branch and Barclays Plaza Branch, along Loita Street. This population comprised of 90 individuals from all levels of the organizations.

3.3.2 Sampling Design

To obtain germane sample for consideration and inclusion in the research, a significant number of individuals were selected from the population. Thornhill and Saunders (2000) explain that it is normally from this population that a researcher collects and infers information. It follows therefore that the validity of the study result are contingent on the suitability of the sampling design (Blanche, et al, 2006). The sampling design comprised of the sampling frame, the sampling technique and the sample size.

3.3.2.1 Sampling Frame

A register or a list of individuals, cases and events from which the researcher obtains the sample is the sampling frame (Blanche, et al, 2006). Robson (2002) clarifies more that the sampling frame denotes to the source of the appropriate or correct population from which the survey sample is drawn.

The researcher obtained the sampling frame of the study from the Human Resource Department of AAR Insurance located at Real Towers in Upperhill, Nairobi and AAR
Healthcare located at Williamson House, 4th Ngong Avenue in Nairobi. The researcher observed that the population could be stratified into three groups as per the objectives of the study by position in the firm. The stratification of the workforce at AAR Insurance according to these three categories is as indicated in Table 3.1.

**Table 3.1: The Stratification of AAR’s Workforce**

<table>
<thead>
<tr>
<th>Position in Firm</th>
<th>Number of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Top Level Management</td>
<td>10</td>
</tr>
<tr>
<td>2. Middle Level Staff</td>
<td>30</td>
</tr>
<tr>
<td>3. Junior Staff</td>
<td>50</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>90</strong></td>
</tr>
</tbody>
</table>

3.3.2.2 Sampling Technique

Robinson (2002) explains that the study objectives determine the methodology for deriving sample for inclusion in the study. Blanche, *et al.*, (2006) adds further that the sampling process is not abstract but is guided by the scope and parameters of the study as well as the population and the objectives of the study. The current study used the survey sampling technique. According to Nachmias, D. and Nachmias, C. (1987) this sampling design produces information about particular characteristics of a finite population(a finite population contains a countable number of sampling units).

3.3.2.3 Sample Size

The sample size refers to the proportion of individuals that are actually chosen to participate in the study (Thornhill & Saunders, 2000). They comprise of the people that bare close characteristics with the population but which the researcher can access within the time and resource constraints. The sample size for the study as already indicated under sampling design comprised of 90 respondents.
3.4 Data Collection Methods

Blanche, et al., (2006) and Bless, et al., (2006) explain that data collection is the technique or strategy for obtaining or aggregating the information from the respondents. Data collection implies the method that the researcher uses whether it is the use of questionnaires, interview schedules, face-to-face interviews or telephone interviews or whether it is participation and observation (Thornhill & Saunders, 2000).

For this study, the researcher used structured questionnaires in which a combination of Likert scale questions used to obtain data from the respondents. The questionnaire was categorized into four key parts each dealing with a particular set of questions all aimed at obtaining relevant responses. In total, the questionnaire comprised of 35 questions. The first part of the questionnaire comprised of 5 questions aimed at obtaining the biographical data or background information of the respondents. The second part comprised of 10 questions aimed at obtaining information concerning the impact of age diversity on organizational performance.

The third part of the instrument comprised of a set of another 10 questions, which sought to obtain information concerning the effect of gender diversity on organizational performance. The fourth and last part of the questionnaire have questions about the impact of ethnic diversity on organizational performance. The questionnaire took each respondent between 20 and 30 minutes to respond effectively to all the questions in the study. The questions were kept both short and precise to prevent respondent fatigue and to ensure proper understanding, on the part of the respondents of all the questions.

3.5 Research Procedures

According to Bless, et al., (2006) research procedure are the processes and activities that the researcher undertakes when collecting data. The researcher performed the following sets of the activities in the study. After developing the questionnaire, the researcher obtained a formal introduction letter from USIU research office to presented to the relevant AAR leadership in request for permission to conduct the study among the company’s employees.

After obtaining authorization for the study, the researcher first conducted a pilot study or a pre-test of the questionnaire and the feasibility of the study then adopt the questionnaire
and the activities accordingly to ensure success of the data collection process. The researcher then proceeded to conduct the study and may use research assistance to facilitate the process. The researcher presented the potential respondents the questionnaires to fill in their responses. While the response period is estimated to between 20 and 30 minutes, the researcher had the option of leaving the questionnaires with the potential respondents who had busy schedules to fill the questionnaires at their convenient time.

The researcher however arranged with the respondents who cannot fill in the questionnaires promptly to come and pick them up at an agreed day and time. For those that are able to fill-in the questionnaires within 20 – 30 minutes, the researcher waited and collect them. The entire data collection process was done in a period not exceeding two weeks. This duration for data collection was appropriate to ensure that the data collection was not rushed too much while also ensuring that the data collection does not drag on for an unnecessarily longer period.

3.6 Data Analysis Methods

This study used quantitative method of data analysis. To ensure easy analysis, the questionnaires were coded accordingly. The quantitative analysis comprised of both descriptive and inferential analyses. The analysis process involved the process of transforming a mass of raw data into tables, charts, with frequency distribution and percentages to provide key answers to the research questions. Further associations between the variable were conducted by use of Statistical Package for Social Sciences (SPSS) program version 21, through which Analysis of Variance (ANOVA) and Correlations were conducted among relevant variables to permit further interpretation of the data.

3.7 Chapter Summary

Chapter Three has outlined the methodology for the study. The chapter has identified and described the research design for the study as explanatory research design. It has noted that this design facilitated the answering of the three research questions. The chapter has also defined the population for the study and identified the sampling design that was used in the study; the sampling design was convenient purposive. The chapter has also identified the sample size and the data collection methods to be applied in the study.
The chapter has indicated that the study used structured questionnaires to collect relevant data from the research participants. The research procedure and the intended method for data analysis has also been defined. The chapter has pointed out that a spectrum of descriptive and inferential statistics were used to present the research results and to interpret the data. These included the use of pie charts, column and bar graphs, as well as Regression, ANOVA and Correlations. The next chapter, Chapter Four presents the results of the study while Chapter Five provides the recap of the study including the summary of the major findings, discussion, conclusion and recommendations.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

Chapter four provides the study results as per every item of the questionnaire. It applies the use of descriptive statistics including bar graphs, pie charts and frequency tables. The chapter also presents the results of some inferential statistics that were conducted on the data including cross-tabulations, regression and correlation. The response rate of the study was 63.3% (having obtained 57 responses from a possible 90).

4.2 Background Information

This part of the report presents the results of the study regarding the respondents’ background.

4.2.1 Grouping of Respondents by Age

Table 4.1 shows the results when the respondents were grouped according to age. 31 respondents (54.4%) were aged between 20 and 30 years, 21 (36.8%) between 30 and 40 years, 3 (5.3%) between 40 and 50 years, and 2 (3.5%) were over 50 years old denoting a fairly young generation of employees.

Table 4.1: Grouping of Respondents by Age

<table>
<thead>
<tr>
<th>Age Range</th>
<th>Frequency (n)</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>20 - 30 Years</td>
<td>31</td>
<td>54.4</td>
</tr>
<tr>
<td>30 - 40 Years</td>
<td>21</td>
<td>36.8</td>
</tr>
<tr>
<td>40 - 50 Years</td>
<td>3</td>
<td>5.3</td>
</tr>
<tr>
<td>Over 50 Years</td>
<td>2</td>
<td>3.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>57</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

4.2.2 Categorization of Respondents by Sex

Figure 4.1 is a representation of the classification of respondents by sex. Forty-point-four percent (n = 23) were female and 59.6% (n = 34) were males.
4.2.3 Categorization of Respondents by Nationality

Table 4.2 shows the grouping of the respondents by nationality. Fifty-Six respondents (98.2%) were Kenyan and one (1.8%) was Burundian.

<table>
<thead>
<tr>
<th>Frequency (n)</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kenyan</td>
<td>56</td>
</tr>
<tr>
<td>Burundian</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>57</td>
</tr>
</tbody>
</table>

4.2.4 Categorization of Respondents by Ethnicity

The respondents were asked to indicate their ethnicity and as shown in Figure 4.2, 36 respondents (63.2%) did not indicate their ethnicity. Five respondents (8.8%) indicated they were “Gikuyu”, 3 (5.3%) were “Gusii” (5.3%) another 3 (5.3%) were “Luo”, 4 (7.0%) were “Kalenjin”. Two respondents (3.5%) were “Luhya”, 3 (5.3%) were “Kamba” and 1 (1.8%) belonged to the “Meru” ethnic community. We can therefore conclude that there is even distribution of ethnicity at AAR, meaning every tribe is represented pointing to non-discrimination in terms of employment at the Group
4.2.4 Categorization of Respondents by Educational Qualification

According to Table 4.3, 13 respondents (22.8%) held a “certificate or a diploma”, 32 (56.1%) had a “Bachelor’s Degree”, 7 (12.3%) held a “Post-Graduate Diploma” and 5 had a “Master’s Degree”. A greater percentage from these findings show that most employees are Bachelor degree holders indicating that they have the minimum requirement for the Kenyan job market.

Table 4.3: Categorization of Respondents by Educational Qualification

<table>
<thead>
<tr>
<th>Educational Qualification</th>
<th>Frequency (n)</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificate/Diploma</td>
<td>13</td>
<td>22.8</td>
</tr>
<tr>
<td>Bachelor’s Degree</td>
<td>32</td>
<td>56.1</td>
</tr>
<tr>
<td>Post graduate Diploma</td>
<td>7</td>
<td>12.3</td>
</tr>
<tr>
<td>Master’s Degree</td>
<td>5</td>
<td>8.8</td>
</tr>
<tr>
<td>Total</td>
<td>57</td>
<td>100</td>
</tr>
</tbody>
</table>

4.2.5 Most Important Diversity Affecting Organizational Performance

The researcher asked the respondents to rank a given set of diversity from 1 to 5 with one being the least important and 5 being the most important. As shown in Figure 4.3, “Educational Diversity” had the highest ranking with a percentage mean rating of 89.5, followed by “Age Diversity” and “Gender Diversity” with mean ratings of 68.4% a piece.
The “Ethnic Diversity” and “Religious Diversity” were ranked as the second least important and the least important respectively. We can therefore deduce that education is important as it has a direct relationship on the overall performance of the organization and meeting its objectives.

![Figure 4.3: Most Important Diversity Affecting Organizational Performance](image)

### 4.3 Effect of Age Diversity on Organizational Performance

The researcher sought to study the effect of age diversity on organizational performance as per the second research objective. This presents the study results.

#### 4.3.1 Most Important Aspect of Performance Affected by Age Diversity

The researcher asked the respondents to rank from least important to most important from 1 to 5 (with 1 being the least important and 5 being the most important), aspects of organizational performance affected by age diversity. As shown in Figure 4.4, “Creativity and Innovation” had the highest ranking with a percentage mean rating of 82.5%, followed by “Decision-Making” with percentage mean ratings of 80.7%. “Product and Service Quality” and “Intra-Organization Communication” were ranked as the second least important and the least important with percentage mean ratings of 71.9% and 63.2% respectively.
4.3.2 Perception of Level of Creativity and Innovativeness in the Firm

The respondents were asked to indicate their opinion on creativeness and innovativeness of their firm. One respondent (1.8%) was “Not Sure”, 10 (17.5%) thought their firm was “Somewhat innovative”, 32 (56.1%) answered that their firm was “quite creative and innovative”, 14 (24.6%) thought that their firm was “Very creative and innovative”, The results are as shown in Table 4.4.

Table 4.4: Perception of Level of Creativity and Innovativeness in the Firm

<table>
<thead>
<tr>
<th>Perception</th>
<th>Frequency (n)</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not Sure</td>
<td>1</td>
<td>1.8</td>
</tr>
<tr>
<td>Somewhat creative and innovative</td>
<td>10</td>
<td>17.5</td>
</tr>
<tr>
<td>Quite creative and innovative</td>
<td>32</td>
<td>56.1</td>
</tr>
<tr>
<td>Very creative and innovative</td>
<td>14</td>
<td>24.6</td>
</tr>
<tr>
<td>Total</td>
<td>57</td>
<td>100</td>
</tr>
</tbody>
</table>

4.3.3 Effect of Age Diversity on Creativity and Innovativeness in the Firm

The researcher asked the respondents whether age diversity had an effect on creativity and innovativeness in their firm. As shown in Figure 4.5, 7% of the respondents said it...
had “No Effect”, 3.5% thought the effect was “Mostly Negative”, 66.7% thought it was “Positive” and 22.8% indicated that the effect was “Mostly positive”.

Figure 4.5: Effect of Age Diversity on Creativity and Innovativeness in the Firm

4.3.4 Ease of Decision-Making within the Firm

Table 4.5 indicates the results obtained when the respondents were asked to how easy decision making was in their firm. Two respondents (3.5%) indicated they were “Not Sure”, However 3 respondents (5.3%) answered that it was “Very Hard”, 13 (22.8%) “Hard”, 33 (57.9%) “Easy” and 6 respondents (10.5%) thought it was “Very Easy” to make decisions.

Table 4.5: Ease of Decision-Making within the Firm

<table>
<thead>
<tr>
<th></th>
<th>Frequency (n)</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not Sure</td>
<td>2</td>
<td>3.5</td>
</tr>
<tr>
<td>Very hard</td>
<td>3</td>
<td>5.3</td>
</tr>
<tr>
<td>Hard</td>
<td>13</td>
<td>22.8</td>
</tr>
<tr>
<td>Easy</td>
<td>33</td>
<td>57.9</td>
</tr>
<tr>
<td>Very Easy</td>
<td>6</td>
<td>10.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>57</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
4.3.5 Effect of Age Diversity on Decision-Making Process

Table 4.6 indicates the results obtained when the respondents whether age diversity had made decision-making easier or hard within the firm. As indicated in the figure, 20 respondents (35.1%) thought it had “No Effect”, 1 respondent (1.8%) thought it made it “Very hard”, 10 (17.5%) thought it made it “hard”, 25 (43.9%) thought that it made it “Easy” while another respondent (1.8%) answered that age diversity made decision-making “very easy”.

<table>
<thead>
<tr>
<th>Impact of Age Diversity on Decision-Making Process</th>
<th>Frequency (n)</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Effect</td>
<td>20</td>
<td>35.1</td>
</tr>
<tr>
<td>Makes it very hard</td>
<td>1</td>
<td>1.8</td>
</tr>
<tr>
<td>Makes it hard</td>
<td>10</td>
<td>17.5</td>
</tr>
<tr>
<td>Makes it easy</td>
<td>25</td>
<td>43.9</td>
</tr>
<tr>
<td>Makes it very easy</td>
<td>1</td>
<td>1.8</td>
</tr>
<tr>
<td>Total</td>
<td>57</td>
<td>100</td>
</tr>
</tbody>
</table>

4.3.6 Perception of Quality of Firm’s Products and Services

The researcher asked the respondents to comment about the quality of their firm’s products and services. As shown in Figure 4.6, 3.5% of the respondents answered they were “Not Sure”, 1.8% “somewhat quality products and services”, 57.9% “good or quality products and services” and 36.8% thought their firms had “very high-quality products and services.”

Figure 4.6: Perception of Quality of Firm’s Products and Services
4.3.7 Perception of Effect of Age Diversity on Product and Service Quality

The researcher asked the respondents to indicate their opinion about whether age diversity in their firm had an effect on product and service quality. As shown in Table 4.7, 4 respondents (7.0%) were “Not Sure”, 33 (57.9%) thought it had a “Positive effect”, and 20 (35.1%) thought that the effect was “Mostly positive”.

Table 4.7: Perception of Impact of Age Diversity on Product and Service Quality

<table>
<thead>
<tr>
<th>Frequency (n)</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Effect</td>
<td>4</td>
</tr>
<tr>
<td>Positive effect</td>
<td>33</td>
</tr>
<tr>
<td>Mostly positive effect</td>
<td>20</td>
</tr>
<tr>
<td>Total</td>
<td>57</td>
</tr>
</tbody>
</table>

4.3.8 Perception of Ease of Communication within the Organization

When asked to indicate their opinion on whether communication within their firm was easy, 18 respondents (31.6%) “Strongly” agreed, 35 (61.4%) agreed while 4 (7.0%) disagreed. The results were as shown in Figure 4.7.

Figure 4.7: Perception of Ease of Communication within the Organization
4.3.9 Effect of Diversity on Communication within the Firm

Table 4.8 shows the results when the respondents were asked whether they though the impact of age diversity on communication within the firm had been positive or negative. As shown, 13 respondents (22.8%) thought it had “No Effect”, 6 (10.5%) that the effect was “Negative”, 24 (42.1%) “Positive” and 14 (24.6%) “Mostly positive”.

Table 4.8: Effect of Diversity on Communication within the Firm

<table>
<thead>
<tr>
<th></th>
<th>Frequency (n)</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Effect</td>
<td>13</td>
<td>22.8</td>
</tr>
<tr>
<td>Negative</td>
<td>6</td>
<td>10.5</td>
</tr>
<tr>
<td>Positive</td>
<td>24</td>
<td>42.1</td>
</tr>
<tr>
<td>Mostly positive</td>
<td>14</td>
<td>24.6</td>
</tr>
<tr>
<td>Total</td>
<td>57</td>
<td>100</td>
</tr>
</tbody>
</table>

4.3.10 Effect of Diversity on Problem Solving within the Firm

The researcher asked the respondents to indicate their opinion about the effect of age diversity on problem solving within the firm. Ten respondents (17.5%) said it had “No Effect”, one respondent (1.8%) that it made it “Very hard”, 7 (12.3%) “Hard”, 33 (57.9%) “Easy” and 6 (10.5%) “Very easy”. Figure 4.8 is indicative of the results.

![Figure 4.8: Effect of Diversity on Problem Solving within the Firm](image)
4.4 Effect of Gender Diversity on Organizational Performance

In line with second specific research objective, the researcher asked the respondents questions regarding the impact of gender diversity on organizational performance. This part presents the study results.

4.4.1 Most Important Aspects of Performance Affected by Gender Diversity

The researcher asked the respondents to rank from least important to most important from 1 to 5 (with 1 being the least important and 5 being the most important), aspects of organizational performance affected by gender diversity. As shown in Figure 4.9, “competitive advantage” had the highest ranking with a percentage mean rating of 63.2%, followed by “Management and Leadership Quality” with percentage mean ratings of 57.9%. “Organizational culture” and “job satisfaction” were ranked as the second least important and the least important with percentage mean ratings of 54.4% and 50.9% respectively.

![Bar chart showing the percentage mean ratings of aspects affected by gender diversity: 63.2% for Competitive Advantage, 57.9% for Quality of Management and Leadership, 50.9% for Job Satisfaction, and 54.4% for Organizational Culture.]

Figure 4.9: Most Important Aspects of Performance Affected by Gender Diversity

4.4.2 Perception of Quality of Management in the Firm

Table 4.9 shows results about respondents’ perception of the quality of management in their firm. As shown, 2 respondents (3.5%) thought it was “poor”, 38 (66.7%) “good” and 17 (29.8%) thought it was “Very good”.

39
Table 4.9: Perception of Quality of Management in the Firm

<table>
<thead>
<tr>
<th></th>
<th>Frequency (n)</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poor</td>
<td>2</td>
<td>3.5</td>
</tr>
<tr>
<td>Good</td>
<td>38</td>
<td>66.7</td>
</tr>
<tr>
<td>Very good</td>
<td>17</td>
<td>29.8</td>
</tr>
<tr>
<td>Total</td>
<td>57</td>
<td>100</td>
</tr>
</tbody>
</table>

4.4.3 Effect of Gender Diversity on Quality of Management in the Firm

The researcher asked the respondents to indicate their opinion on the effect of gender diversity on quality of management in the firm. As shown in Figure 4.10, 17.5% of the respondents indicated they were “Not Sure”, 1.8% that it was “very poor”, 5.3% that it was “poor”, 57.9% that it was “high” and another 17.5% thought that it “Very high”.

Figure 4.10: Effect of Gender Diversity on Quality of Management in the Firm

4.4.4 Perception about Firm’s Competitiveness

Table 4.10 shows the results when the respondents were asked whether they agreed or disagreed that their firm was competitive. Two respondents (3.5%) “strongly” disagreed,
3 (5.3%) disagreed, 24 (42.1%) agreed and 28 (49.1%) “strongly” agreed that their firm was competitive.

Table 4.10: Perception about Firm’s Competitiveness

<table>
<thead>
<tr>
<th></th>
<th>Frequency (n)</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td>2</td>
<td>3.5</td>
</tr>
<tr>
<td>Disagree</td>
<td>3</td>
<td>5.3</td>
</tr>
<tr>
<td>Agree</td>
<td>24</td>
<td>42.1</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>28</td>
<td>49.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>57</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

4.4.5 Effect of Gender Diversity on Firm’s Competitiveness

The researcher asked the respondents to indicate what they thought were the nature of the effect of gender diversity on their firm’s competitiveness. As shown in Figure 4.11, 14 respondents (24.6%) thought the effect was “mostly positive”, 34 (59.6%) “positive”, 3 (5.3%) “Negative” and 6 (10.5%) thought that gender diversity had “No effect” on their firm’s competitiveness.

Figure 4.11: Effect of Gender Diversity on Firm’s Competitiveness
4.4.6 Perception Satisfaction with Job

Table 4.11 shows respondents’ perception of satisfaction with their job. One respondent (1.8%) was “Not Sure” whether he/she was satisfied with his or her job, another respondent (1.8%) “strongly” disagreed he/she was satisfied with his or her job, 5 (8.8%) “disagreed”, 37 (64.9%) agreed and 13 (22.8%) “Strongly” agreed that they were satisfied with their job.

Table 4.12: Perception Satisfaction with Job

<table>
<thead>
<tr>
<th></th>
<th>Frequency (n)</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not Sure</td>
<td>1</td>
<td>1.8</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>1</td>
<td>1.8</td>
</tr>
<tr>
<td>Disagree</td>
<td>5</td>
<td>8.8</td>
</tr>
<tr>
<td>Agree</td>
<td>37</td>
<td>64.9</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>13</td>
<td>22.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>57</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

4.4.7 Effect of Gender Diversity on Job Satisfaction

The researcher asked the respondents to indicate their perception of the effect of gender diversity on job satisfaction. As indicated in Figure 4.12, 7 respondents (12.3%) were “Not sure”, 2 (3.5%) “Strongly disagreed”, 25 (43.9%) disagreed. Nineteen respondents (33.3%) agreed and 4 (7.0%) “Strongly” agreed respectively.

Figure 4.12: Impact of Gender Diversity on Job Satisfaction
4.4.8 Perception of Firm as Having a Distinctive Culture

Table 4.12 shows the results when respondents were asked whether they thought their firm had a distinctive organizational culture. Two respondents (3.5%) were “Not Sure”, one respondent (1.8%) “Strongly” disagreed, 7 (12.3%) disagreed, 37 (64.9%) agreed and 10 (17.5%) “Strongly” agreed.

Table 4.12: Perception of Firm as Having a Distinctive Culture

<table>
<thead>
<tr>
<th></th>
<th>Frequency (n)</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not Sure</td>
<td>2</td>
<td>3.5</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>1</td>
<td>1.8</td>
</tr>
<tr>
<td>Disagree</td>
<td>7</td>
<td>12.3</td>
</tr>
<tr>
<td>Agree</td>
<td>37</td>
<td>64.9</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>10</td>
<td>17.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>57</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

4.4.9 Effect of Gender Diversity on Organizational Culture

Table 4.13 shows the responses when the respondents were asked what they considered as the extent of the effect of gender diversity on organizational culture. As shown, 2 respondents (3.5%) were “Not Sure”, 10 (17.5%) thought it was “to a little extent”, 5 (8.8%) “not at all”, 29 (50.9%) “to some extent” and 11 (19.3%) though that the impact of gender diversity on organizational culture was “to a great extent”.

Table 4.13: Effect of Gender Diversity on Organizational Culture

<table>
<thead>
<tr>
<th></th>
<th>Frequency (n)</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not Sure</td>
<td>2</td>
<td>3.5</td>
</tr>
<tr>
<td>To a minimal extent</td>
<td>10</td>
<td>17.5</td>
</tr>
<tr>
<td>Not at all</td>
<td>5</td>
<td>8.8</td>
</tr>
<tr>
<td>To some extent</td>
<td>29</td>
<td>50.9</td>
</tr>
<tr>
<td>To a great extent</td>
<td>11</td>
<td>19.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>57</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
4.4.10 Effect of Gender Diversity on Organizational Performance

The researcher asked the respondents to indicate their opinion about the overall effect of gender diversity on organizational performance. Eleven respondents (19.3%) thought it had “No Effect”, 2 (3.5%) thought the effect was “Negative”, 31 respondents (54.4%) thought it was “Positive” and 13 (22.8%) thought that it was “Mostly Positive”. Figure 4.13 shows the results.

Figure 4.13: Effect of Gender Diversity on Organizational Performance

4.5 Effect of Ethnic Diversity on Organizational Performance

The researcher studied the effect of ethnicity on organizational performances in accordance with the third research objectives. This part of the chapter presents the study findings in this regard.

4.5.1 Most Important Aspects of Performance Affected by Ethnic Diversity

The researcher asked the respondents to rank from least important to most important from 1 to 5 (with 1 being the least important and 5 being the most important), aspects of organizational performance affected by ethnic diversity. As shown in Figure 4.14, “corporate diversity” had the highest ranking with a percentage mean rating of 58.9%, followed by “Employee productivity” with percentage mean ratings of 57.1%. “Job satisfaction” and “team performance” were ranked as the second least important and the least important with percentage mean ratings of 55.4% and 54.4% respectively.
4.5.2 Perception of Firm’s Reputation

The results are as indicated in Table 4.14 of the respondents’ perception of their firm’s reputation. As shown, 1 respondent (1.8%) indicated that he/or she was “Not Sure”, 32 (57.1) thought it was “Positive” and 24 (42.1%) thought that it was “Mostly Positive”.

Table 4.14: Perception of Firm’s Reputation

<table>
<thead>
<tr>
<th>Frequency (n)</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not Sure</td>
<td>1</td>
</tr>
<tr>
<td>Positive</td>
<td>32</td>
</tr>
<tr>
<td>Mostly positive</td>
<td>24</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>57</strong></td>
</tr>
</tbody>
</table>

4.5.3 Impact of Ethnic Diversity on Corporate Reputation of the Firm

The researcher asked the respondents to indicate the extent to which they thought ethnic diversity had impacted on their firm’s reputation. Seven-point-one percent of the respondents were “Not Sure”, 14.3% thought the impact was “to a minimal extent”, 30.4% thought it had no effect, 23.2% thought it affected it “to some extent” while 25% thought that it affected it “to a great extent”. Figure 4.15 shows the study results.
4.5.4 Perception as to Whether Ethnic Diversity Has a Negative Impact on Team Performance

Table 4.15 shows the results when the respondents were asked to whether they thought ethnic diversity had a negative impact on team performance. Eight respondents (14.3%) indicated they were “Not Sure”, 2 (3.6%) “Strongly” disagreed, 11 (19.6%) disagreed, 20 (35.7%) agreed and 16 (28.1%) “Strongly” agreed.

Table 4.15: Whether Effect of Ethnic Diversity on Team Performance is Negative

<table>
<thead>
<tr>
<th></th>
<th>Frequency (n)</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not Sure</td>
<td>8</td>
<td>14.3</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>2</td>
<td>3.6</td>
</tr>
<tr>
<td>Disagree</td>
<td>11</td>
<td>19.6</td>
</tr>
<tr>
<td>Agree</td>
<td>20</td>
<td>35.7</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>16</td>
<td>28.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>57</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

4.5.5 Most Important Aspect of Ethnic Diversity Influencing Team Performance

The researcher asked the respondents to rank from least important to most important from 1 to 5 (with 1 being the least important and 5 being the most important), aspects of ethnic diversity that affect team performance. As shown in Figure 4.16, “Multiplicity of knowledge and experiences” had the highest ranking with a percentage mean rating of 71%, followed by “Different skills-set for problem solving and task performance” with
percentage mean ratings of 63%. “Different perspectives in problem solving and task performance” and “job satisfaction” were ranked as the second least important and the least important with percentage mean ratings of 57.1% and 57% respectively.

![Bar chart showing the importance of different aspects of ethnic diversity influencing team performance.](image)

**Figure 4.16: Most Important Aspect of Ethnic Diversity Influencing Team Performance**

### 4.4.6 Effect of Ethnic Diversity on Individual Employee Performance

Table 4.16 shows the results when the respondents were asked whether they agreed that ethnic diversity had an effect on individual employee performance. Two respondents (3.6%) were “Not Sure”, 19 (33.9%) “Strongly” agreed, 21 (37.5%) disagreed, 8 (14.3%) agreed and 7 (12.3%) “Strongly” agreed.

**Table 4.16: Effect of Ethnic Diversity on Individual Employee Performance**

<table>
<thead>
<tr>
<th></th>
<th>Frequency (n)</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not Sure</td>
<td>2</td>
<td>3.6</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>19</td>
<td>33.9</td>
</tr>
<tr>
<td>Disagree</td>
<td>21</td>
<td>37.5</td>
</tr>
<tr>
<td>Agree</td>
<td>8</td>
<td>14.3</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>7</td>
<td>12.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>57</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
4.5.7 Satisfaction with Working in an Ethnically Diverse Firm

The respondents were asked to indicate whether they were satisfied with working with others from other ethnic backgrounds. As shown in Figure 4.17, 3 respondents (5.4%) said they felt nothing different, 2 (3.6%) that they were “Very dissatisfied”, 17 (29.8%) that they were “satisfied” and 35 (62.5%) that they were “Very Satisfied”.

![Figure 4.17: Satisfaction with Working in an Ethnically Diverse Firm](image)

4.5.8 Effect of Ethnic Diversity on Intra-Organization Communication

When asked whether ethnic diversity had a positive or a negative effect on intra-organization communication, 23 respondents (41.1%) said it had “No Effect”, 3 (5.3%) thought the effect was “Mostly negative”, 24 (42.9%) that it was “Positive” and 7 (12.5%) that it was “Mostly positive”. The results are shown in Table 4.17.

**Table 4.17: Impact of Ethnic Diversity on Intra-Organization Communication**

<table>
<thead>
<tr>
<th></th>
<th>Frequency (n)</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Effect</td>
<td>23</td>
<td>41.1</td>
</tr>
<tr>
<td>Mostly negative</td>
<td>3</td>
<td>5.3</td>
</tr>
<tr>
<td>Positive</td>
<td>24</td>
<td>42.9</td>
</tr>
<tr>
<td>Mostly positive</td>
<td>7</td>
<td>12.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>57</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
4.5.9 Suitability of Ethnic Diversity for Organizational Performance

The researcher asked the respondents their opinion about the extent to which they thought ethnic diversity impacted organizational performance. As shown in Figure 4.18, 8.9% of the respondents thought it had no effect, 10.7% thought it had “to a little extent”, 53.6% thought it had “to a great extent” and 26.8% thought its effect was extensive.

![Figure 4.18: Suitability of Ethnic Diversity for Organizational Performance](image)

4.6 Correlation Analysis Dependent and Independent Variables

A correlation analysis was conducted between the dependent and the independent variables of the study to infer and understand the nature of the relationship between. The correlation analyses was conducted between age diversity and firm performance, gender diversity and organizational performance as well as ethnic diversity and organizational performance.

4.6.1 Age Diversity Correlation with Organization’s Performance

The researcher conducted a correlation analysis between Age diversity and firm’s performance. As shown in Table 4.18, the Pearson co-efficient correlation value obtained was a weak positive value was, \( r = .041 \), \( p <.05 \). This weak value indicates that the relationship between age diversity and performance is only slightly positive meaning that an increase in age diversity will result in a very small positive change in organizational performance. The weak nature of the correlation could be accounted for by other contravening variables such as conflicts within the firms and ease or difficulty in decision-making.
Table 4.18: Correlation of Age Diversity Correlation with Organizations Reputation

<table>
<thead>
<tr>
<th>Age Diversity</th>
<th>Pearson Correlation</th>
<th>Sig. (2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Performance</td>
<td>Pearson Correlation</td>
<td>.041</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.763</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>57</td>
</tr>
</tbody>
</table>

4.6.2 Gender Diversity Correlation with Firm’s Performance

The researcher conducted a correlation analysis between gender diversity and firm’s performance. As shown in Table 4.19, the Pearson co-efficient correlation value obtained was a moderate negative value was, r = -.358, p <.05. The negative correlation value suggests that organizational performance reduces with an increase in gender diversity.

Table 4.19: Correlation of Gender Diversity Correlation with Firm’s Performance

<table>
<thead>
<tr>
<th>Gender Diversity</th>
<th>Pearson Correlation</th>
<th>Sig. (2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age Diversity</td>
<td>-.358**</td>
<td>.007</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>57</td>
</tr>
</tbody>
</table>

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

4.6.3 Ethnic Diversity Correlation with Firm’s Performance

The researcher conducted a correlation analysis between ethnic diversity and firm’s performance. As shown in Table 4.20, the Pearson co-efficient correlation value obtained was a weak positive value was, r = .119, p <.05. The positive correlation value suggests that organizational performance slightly increases with an increase in ethnic diversity of the firm. However, like was the case with age diversity the weak nature of the correlation could be accounted for by other contravening variables such as conflicts within the firms and ease or difficulty in decision-making.
Table 4.20: Correlation of Ethnic Diversity Correlation with Firm’s Performance

<table>
<thead>
<tr>
<th>Ethnicity</th>
<th>Pearson Correlation</th>
<th>Sig. (2-tailed)</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>57</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Perception of Firm’s Reputation</th>
<th>Pearson Correlation</th>
<th>Sig. (2-tailed)</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>.119</td>
<td>.380</td>
<td>56</td>
</tr>
</tbody>
</table>

4.7 Regression Analysis

The researcher conducted a regression analysis to determine the impact of diversity on performance. Table 4.21 is indicative of the outcome of the regression analysis model for age diversity, gender diversity and ethnic diversity. The dependent variable used (firm’s performance) while age, gender and ethnicity were the independent variables.

4.7.1 Regression Model Summary for Organizational Performance

The R Square value of the model indicated that 13.1% of the change or variance in the model could be accounted for by age, gender and ethnic diversities.

Table 4.21: Regression Model Summary for Organizational Performance

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.362a</td>
<td>.131</td>
<td>.081</td>
<td>1.169</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Ethnicity, Age, Gender

4.7.2 ANOVA Analysis for Organizational Performance

As indicated in Table 4.22 organizational performance (dependent variable) and as such is not predicted by the dependent variables (age, gender and ethnicity), F (3, 52) = .061. this implies that the model lacks explanatory power. Which is to say, that none of the independent variables (age, gender and ethic diversities) assist in the prediction of
organizational performance (the dependent variable). Thus, the model is not significant though it has a positive significance p = 0.061.

**Table 4.22: ANOVA Analysis for Organizational Performance**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>10.735</td>
<td>3</td>
<td>3.578</td>
<td>2.617</td>
<td>.061b</td>
</tr>
<tr>
<td>Residual</td>
<td>71.105</td>
<td>52</td>
<td>1.367</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>81.839</td>
<td>55</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Perception of Firm’s Reputation  
b. Predictors: (Constant), Ethnicity, Age, Categorization of Respondents by Sex

### 4.7.3 Regression Coefficient Analysis for Organizational Performance

The researcher conducted multiple regression analyses to determine the kind of association between the independent and the dependent variables. Shown in Table 4.24 are the results that were obtained.

**Table 4.23: Regression Coefficient Analysis for Organizational Performance**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td>B</td>
</tr>
<tr>
<td>(Constant)</td>
<td>4.216</td>
<td>1.153</td>
<td></td>
<td>3.657</td>
</tr>
<tr>
<td>1 Age</td>
<td>.011</td>
<td>.080</td>
<td>.018</td>
<td>.138</td>
</tr>
<tr>
<td>Gender</td>
<td>-.855</td>
<td>.327</td>
<td>-.345</td>
<td>-2.614</td>
</tr>
<tr>
<td>Ethnicity</td>
<td>.093</td>
<td>.212</td>
<td>.058</td>
<td>.437</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Perception of Firm’s Performance

The overall equation to predict the effect on organizational performance by age diversity, gender diversity and ethnic diversity is:

\[ Y = 4.216 + .011Age -.855Gender + .093Ethnicity \]

From the above equation, it can be deduced that the coefficient for age diversity is .011, which suggests that for each additional age diversity, an increase in organizational
performance of an average of .011 can be expected (all factors held constant) due to the positive relationship. Moreover, the equation also indicates that the coefficient for gender is -.855, suggesting that a decrease in organizational performance of -.855 should be expected with every additional gender diversity. Lastly, the equation shows that the coefficient of ethnicity is .093 suggesting that for every additional increase in ethnic diversity an average increase of .093 should be expected in organizational performance as long as all factors are held constant. Out of the three variables that were considered in the study, it is only gender diversity that was significant with a p = 0.012. The other two, Age and Ethnicity had a positive but insignificant influence on organizational performance at p= 0.891 and 0.0664 respectively.

4.8 Chapter Summary

Chapter Four has presented the results and the analysis of the data. The chapter has applied the use of a combination of various types of descriptive statistics including frequency tables, bar charts and pie-charts. The chapter has also proceeded to provide the results of the inferential statistics that the researcher conducted on the data. In this regard chapter has presented and discussed the results of the correlation analysis, analysis of variance (ANOVA) and regression. In general, the chapter has presented the study findings that are crucial to meeting the objectives of the study. Chapter Five presents the summary of the study and the discussion of the major findings of the study. It also provides the conclusions for the study and the recommendations in line with each objective of the study.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSION AND RECOMMENDATION

5.1 Introduction

Chapter Five as the final chapter of the study it provides the summary of the study, summating the purpose and the research questions of the study as well as the study key findings. The Chapter then provides the discussion of the study’s key findings, the conclusion and suggests some recommendations for progress and for further research.

5.2 Summary of Findings

The general purpose of the study was to determine the impact of workplace diversity on organizational performance at AAR Group of Companies. The study sought to realize three specific objectives, namely; to investigate how age diversity influences the performance of AAR Group of Companies, to examine how gender diversity affects the performance of AAR Group of Companies and, to assess the impact of ethnic diversity on the performance of AAR Group of Companies.

The study adopted a descriptive research design, which was deemed appropriate, as it permitted the researcher to describe the relationship between organizational performance and the three types of diversities that the study focuses on. The population for this study comprised of employees of AAR Insurance Limited working within Nairobi. This population comprise of 90 individuals from all levels of the organizations who were considered to possess the relevant information that the researcher needed for the study. It used the convenient purposive sampling and sampled the 90 employees or respondents to participate in the study.

The study made several significant findings in line with research objectives. The study found that the majority of the responses (91.7%) were aged between 20 and 40 years while 8.8% were over 40 years. The study also established that the majority of the respondents were males (59.6%). Concerning nationality, the study found that 98.2% of the respondents were Kenyans and that only one respondent was a foreigner (Burundian). Concerning ethnic diversity, the study determined that while 63.2% of the respondents did not specify their ethnicity, the majority of the respondents were Kikuyu (8.8%),
followed by Gusii and Luo with 5.3%, and that Meru was the last with 1.8%. In terms of educational qualification, the majority of the respondents were Bachelor’s degree holders (56.1%) followed by holders of diploma certificates (22.8%).

The study established further that “Educational Diversity” had the highest ranking with a percentage mean rating of 89.5, followed by “Age Diversity” and “Gender Diversity” with mean ratings of 68.4% a piece. The “Ethnic Diversity” and “Religious Diversity” were ranked as the second least important and the least important respectively. The study found that 80.7% of the respondents though their firm was creative and innovative and 88.9% thought that the impact of age diversity on creativity and innovativeness of the firm had been positive. Majority of the respondents, 80.7%, thought that decision-making within the firm was hard and 61.4% thought that age diversity had made the decision-making process hard. Majority of the respondents, 94.7% thought their firm had quality products and services with 93% of them indicating that age diversity had a positive effect on the quality of their firm’s products and services. The study found that the majority of the respondents (69.4%) thought communication within the firm was easy and 66.7% though age diversity had made communication easy. The study found that 70.2% of the respondents thought that problem solving within their firm was hard.

Regarding the impact of gender diversity, the study found that competitive advantage was ranked the highest among aspects of performance affected by gender diversity, with a percentage mean rating of 63.2%, followed by “Management and Leadership Quality” with percentage mean ratings of 57.9%. “Organizational culture” and “job satisfaction” were ranked as the second least important and the least important with percentage mean ratings of 54.4% and 50.9% respectively. The study established that 91.5% though their firm had a good quality of management and 75.4% thought that gender diversity had a positive impact on the quality of management. Regarding competitiveness, 91.2% of the respondents thought that their firm was competitive. The study found that 84.2% of the respondents thought that the effect of age diversity on competitive advantage was positive. The study found that gender diversity also had some effect on job satisfaction, however just 40.3% of the population thought so, while 70.2% thought that gender diversity had an impact on organizational culture.

The study found that of the aspects of performance affected by ethnic diversity, “corporate diversity” had the highest ranking with a percentage mean rating of 58.9%,
followed by “Employee productivity” with percentage mean ratings of 57.1%. “Job satisfaction” and “team performance” were ranked as the second least important and the least important with percentage mean ratings of 55.4% and 54.4% respectively.

The study found that the correlation between the dependent and independent variables revealed weak relationships between the dependent and independent variables. Pearson co-efficient correlation value for age diversity and organizational performance was a weak positive value was, $r = .041$, $p <.05$, that between gender diversity and organizational performance was a weak negative, $r = -.358$, $p <.05$ while that between ethnic diversity and organizational performance was also a weak positive value was, $r = .119$, $p <.05$. The study found through a regression analysis that the R Square value of the model indicated that 13.1% of the change or variance in the model could be accounted for by age, gender and ethnic diversities.

5.3 Discussions

5.3.1 Effect of Age Diversity on Organizational Performance

The study established further that level of education had the highest in terms of ranking by percentage mean rating, followed by “Age Diversity” and “Gender Diversity”. And that “Ethnic Diversity” and “Religious Diversity” were ranked as the second least important and the least important respectively. This finding is close to suggestion made by Darwin (2014) when he found that both educational diversity and age were important influencers of organizational performance. Age diversity is considered to bring value to the firm and increases a firm’s overall performance is by facilitating creativity and innovativeness as well as decision-making.

Other studies have associated age diversity with more performance in creative tasks. Simons and Rowland (2011) found that diversity produces different perspectives, knowledge and skills that enhance creativity and innovativeness and less conformity with past and existing norms. However, according to study findings, majority of the respondents, 80.7%, thought that decision-making within the firm was hard and 61.4% thought that age diversity had made the decision-making process hard.

The finding is therefore in confirmation of a previous finding by Tolbize (2008), which suggested that consensus building in response to a problem or conflict is also hard within
a heterogeneous workgroup. It follows also that the potential of communication problems within a group that is more diverse in age is very real, as the values, perspectives, experiences and possibly skills become the flashpoint for intergroup communication (Darwin, 2014; Tolbize, 2008). Consequently, these issues could in fact undercut the potential of age diversity to contribute, positively to decision-making and problem solving leading to persistent conflict and slow or poor decision making instead. Zaidi, et al. (2010, p.5) have boldly stated “Quality problem solving is the result of heterogeneous environment within organizations.” The study found that the majority of the respondents (69.4%) thought communication within the firm was easy and 66.7% though age diversity had made communication easy.

The study findings regarding effect of age diversity on decision-making however, contravenes the assertion by Gupta (2013) that values that people of different age group possess do complement each other and that this increases the innovativeness and creativity of age-heterogeneous workforces as compared to a more homogeneous one. It also refutes Zaidi, et al., (2010) observation that owing to their intuition and experience, older employees bring a vital set of experiences and intuition that help in decision-making. Dezo and Ross (2013) note that age diversity may not always lead to informed decision-making or ease problem solving. They point to the potential of such disparities and the stereotypes that underscore them as a real source of conflict if not effectively managed.

The study also established that the majority of the respondents, 94.7% thought their firm had quality products and services. In so doing the study confirms Mutunga and Gachunga (2013) suggestion that contend that workforce age diversity in a firm facilitates the upward (reverse mentoring) and downward (mentoring) exchange of information and ideas across the generational groups. According to Darwin and Palanisamy (2015), age diversity leads to greater product and service quality due to the various perspectives, knowledge and experiences that people from different age groups bring to the product or service development may lead to important improvement in the quality of the product or service that the firm eventually produces.
5.3.2 Effect of Gender Diversity on Organizational Performance

Regarding the impact of gender diversity on aspects of performance, the study found that competitive advantage was ranked the highest among aspects of performance affected by gender diversity, followed by “Management and Leadership Quality”. “Organizational culture” and “job satisfaction” were ranked as the second least important and the least important respectively. This finding agrees with the assertion made by Darwin and Palanisamy (2015) when they argue that a diverse workgroup brings different experiences, skills set and insights that enhance overall team performance which promote the performance of the organization. In fact, when asked to indicate the nature of impact of gender diversity on competitive advantage 64.5% indicated that they thought it had a positive effect.

Furthermore, Raza, et al., (2013) found that gender, education, cultural and age diversities has a positive influence on the organizational competitive advantage. Ali, et al., (2007), while examining the association between gender diversity and decision-making found that the former also positively affected competitive advantage by facilitating the making of quality decisions. They argued that a more gender diverse workforce brings to the firms a spectrum of perspectives, skills and knowledge that an organization can tap into and base its strategic goals up (Ali, et al., 2013).

The study finding that 75.4% of the respondents thought to that gender diversity a high contribution to quality of leadership and management. This finding confirms previous assertions made by Van Knippenberg, et al., (2014) wo found that gender diversity improves the quality of organizational leadership and management by stating that gender diversity enhances managerial information processing and decision making of the managerial team resulting in effective strategy formulation and decision making key processes. It further confirms that by Nakagwa (2015) who established that gender diversity in addition to other kinds of diversities in the workforce provided more innovative and higher-quality solutions, due to a combination of gender-based perspective presented by both males and females in the managerial teams. However, the findings are disconfirmed by some scholars such as Tolbize (2008) who suggested that gender diversity hampered the quality for management and leadership since firms whose boardroom are male dominated more often than not, ignored the opinions of their female counterparts.
The study found that 47.9% of the respondents disagreed that gender diversity contributed to their job satisfaction. This finding is in disagreement with the finding Zaid et al. (2010) who found that workforce diversity, especially gender diversity was positively linked with job satisfaction. It also refutes Sania, et al., (2015) argument that diversity in the workplace transforms the nature of the relationship among the staff members, changes which can lead to increased job satisfaction and employee morale. As well as the assertion made by Raza, et al., (2013) that workforce gender diversity can facilitate information, skills and experiences exchanges and lead to the creation of cohesion and attachments among employees of different genders and positively influence their overall perceptions of the job.

However, it confirms Nakagwa’s (2015) study of Japanese firms, which found that gender diversity led to reduced job satisfaction for women as it created a feeling job insecurity among the female workforce than the males leading to higher job dissatisfaction among the women. Mwikali and Kyalo (2015) contend that diversity may result in less satisfaction with the job for the members of the minority group. Thus, less gender diversity may lead to a feeling of discontent with the job for women or men if they are the ones in the minority.

5.3.3 Effect of Ethnic Diversity on Organizational Performance

The study found that of the aspects of performance affected by ethnic diversity, “corporate reputation” had the highest in terms of ranking by percentage mean rating, followed by “Employee productivity”. “Job satisfaction” and “team performance” were ranked as the second least important and the least important respectively. This finding confirms an argument advanced by Darwin (2014) when he asserts that that ethnic diversity has a positive effect on organizational performance as it creates a pool of skills sets and learning opportunities that the firm can tap into for positive performance results. In fact, 99.2% of the respondents agreed that ethnic diversity was positively contributed to corporate reputation. This probably because in a multi-ethnic society, a good reputation for a corporation can be achieved by employing a workforce from diverse ethnic background.

Study finding that employee productivity is the second most important aspect of performance affected by employee performance is in line with Timmermans and
Kristinsson (2011) finding that that ethnic diversity increases creativity and innovativeness in the firm by expanding the perspectives and viewpoints in the firm. Some studies have found that a more ethnically diverse workforce exhibit more creativity, innovativeness than a more ethnically homogenous workforce does (Darwin & Palanisamy, 2015).

According to Gupta (2013), Hoogendoorn and van Praag (2012), ethnic diversity coincides with information sets, abilities and skills set that affect the formation and performance of teams in modern organizations. In other words, ethnic diversity has been found to improve organizational performance because of the formation of more effective teams. The study established that team performance was the least ranked aspect of performance affected by gender diversity. This is in contravention of several previous studies. For instance, Gupta (2013) found that the positive association between team performance and is only true if team members are more ethnically diverse. Lee and Nathan (2011) found a positive link between ethnic diversity in teams and an increase in the level of creativity and innovativeness of the teams. However, Gupta (2013) is skeptical of the positive link between ethnic diversity and team performance arguing that there is no effect of a moderate ethnic diversity on team performance hence no resultant effect on overall organizational performance. Gupta (2013) argues that moderate ethnicity has zero impact on aspects of business outcome such as profit, market share and sales.

Parrotta, et al., (2011) observes that an ethnic diverse workforce may bring different perspectives, ideas and experiences that may affect organizational process positively or may produce conflict among workforce groups and undermine team and firm performance. Marx, et al., (2015) founds that workers have preconceived overt and implicidy preferences on who they would like to work with and therefore increasing ethnic diversity may result in disunity and lack of cohesion within the workforce.

5.4 Conclusion

5.4.1 Effect of Age Diversity on Organizational Performance

Age diversity is a very crucial resource for firms that intends to sustain a sustainable workforce. For most organization, age diversity facilitates the development of a leadership pipeline within the firm as younger employees are available for training by the aged employees on organizational processes. By allowing the establishment of a
leadership pipeline, age diversity not only facilitates the creation of a pool of competent employees but allows the firm to sustain its way of doing business include “best practices”. Moreover, age diversity within the firms allows the technologically savvy younger employees to share their technical competencies with the older generation within the firm. The older workforce on the hand bequeath the younger workforce with the business standard and operation procedures that add to the sustenance of productivity and performance within the firm. Additionally, for firms that either want to achieve or retain a competitive advantage, age diversity allows for opportunities for creativity and innovation that precipitate product and service enhancements.

5.4.2 Effect of Gender Diversity on Organizational Performance

Gender diversity is a vital factor in for organizational performance. This is because it has both internal and external values that facilitate organizational performance. Achieving gender diversity is not only important because it is the right thing to do in society in which gender equality is a major issue, but it also has the potential to facilitate the attainment of internal and external corporate objectives. The value of gender diversity for intra-organizational decision-making and problem solving has been determined by several studies. The value of boardroom gender diversity in the corporate decision-making and the determination of a sustainable corporate strategy has also been found to be true. Additionally, the value of workforce gender diversity for creativity and innovativeness, quality of management, services and products has also been established in some studies. The inclusion of both women and men in the boardroom and management of the firm has also been found to add to corporate reputation and job satisfaction, all of which are crucial for their value to overall corporate performance.

5.4.3 Effect of Ethnic Diversity on Organizational Performance

Ethnic diversity has been determined to be a significant factor in organizational performance. This is especially true for firms that operate in multi-ethnic societies. The principle giveaways for ethnic diversity to corporation are in terms of their value for decision-making, skills pool, creativity and innovation, problem-solving, service and product quality and belonging among other aspects critical for organizational performance. In firms operating in ethically heterogenous society, boardroom ethnic diversity is an indispensable internal resource for problem solving as people from
different ethnic backgrounds provide a wider perspective of considering and conceiving a situation, which might result in more informed corporate decisions being made, or to finding proper and effective solutions to problems. Thus, ethnic diversity not only helps boost the firms competitive advantage over firms with a more ethnically homogenous workforce, but enhances employee satisfaction as they come to work with and appreciate other people and different ways of perceiving their assigned tasks.

5.5 Recommendations

The study makes the following recommendations for improvement and for further research based on the study findings.

5.5.1 Recommendations for Improvement

5.5.1.1 Effect of Age Diversity on Organizational Performance

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

5.5.1.2 Effect of Gender Diversity on Organizational Performance

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

5.5.1.3 Effect of Ethnic Diversity on Organizational Performance

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

5.5.2 Further Research

There is need for scholars to conduct more research to determine the impact of the various aspects of diversity on organizational performance. There is need for more research to examine the why in theory it is suggested that diversity results in greater performance but research, such as this one find the association to be relatively weak. Future research should aim at focusing the study of the nature of association between a single aspect of organizational performance and a single form of diversity to provide comprehensive understanding of the nature of the relationship. There is more research to examine whether the various diversities singularly affect performance or their impact on performance is joint and mutually reinforcing. Future research should also attempt at creating a model for managers to use to exploit the advantages offered by diversity for organizational productivity.
REFERENCES


Dear Sir/Madam

RE: LETTER OF INTRODUCTION

I am postgraduate student currently pursuing a Master of Science in Organizational Development (MOD) at United States International University – Africa (USIU-A). In partial fulfillment of the award of the degree, I am expected to conduct a study and submit a research project.

As such, I am in the process of conducting research on a topic entitled, “THE IMPACT OF WORKFORCE DIVERSITY ON ORGANIZATIONAL PERFORMANCE: A CASE STUDY OF AAR GROUP”. As the topic indicates, I have picked your firm as the one I would like to conduct my study in and obtain the relevant information. This letter is in request for your permission to conduct the study in your firm.

Please be advised that the information obtained will be treated with utmost confidentiality as is required in standard research ethics, the university regulation and applicant national laws. The responses will be treated as anonymous and will carry no penalty for your firm or participating employees. Your permission is highly appreciated.

Yours Faithfully,

Enid Busolo

(Sign)
APPENDIX 2: QUESTIONNAIRE
THE IMPACT OF WORKFORCE DIVERSITY ON ORGANIZATIONAL PERFORMANCE: A CASE STUDY OF AAR GROUP

Date: ___________________

The general purpose of the study is to determine the impact of workplace diversity on organizational performance at AAR Group of Companies. The study will seek to realize three specific objectives, namely; to investigate how age diversity influences the performance of AAR Group of Companies, to examine how gender diversity affects the performance of AAR Group of Companies and, to assess the impact of ethnic diversity on the performance of AAR Group of Companies.

Kindly read each query cautiously and respond to it the best of your ability, where necessary mark [✓] the boxes provided. There are no accurate or inaccurate responses; your answers are crucial to the study. All replies to this survey are completely confidential. All identifying information if any will be removed during the data entry and analysis; however, you are advised to respond anonymously. The questionnaire will take an average of 20 minutes to fill.

*Thank you for your participation in this study.*

PART 1: BIOGRAPHICAL INFORMATION

1. Please indicate your age.
   __________________________

2. Kindly indicate your gender.
   [ ] Male                        [ ] Female

3. Please indicate your ethnicity/nationality
   ____________________________

4. Please indicate your level of education.
   [ ] Bachelor’s Degree
   [ ] Post graduate Diploma
   [ ] Master’s Degree
   [ ] PhD
5. In the Table are some of the most obvious diversities in your organization that affect organizational performance. Please rank in order of importance (with 1 being least important and 5 being most important)

<table>
<thead>
<tr>
<th>Types of Diversities</th>
<th>Least Important Most Important</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td>1. Age Diversity</td>
<td></td>
</tr>
<tr>
<td>2. Gender Diversity</td>
<td></td>
</tr>
<tr>
<td>3. Ethnic Diversity</td>
<td></td>
</tr>
<tr>
<td>4. Educational Diversity</td>
<td></td>
</tr>
<tr>
<td>5. Religious Diversity</td>
<td></td>
</tr>
</tbody>
</table>

**PART II: IMPACT OF AGE DIVERSITY ON ORGANIZATIONAL PERFORMANCE**

6. In the Table are some of the aspects of organizational performance affected by age diversity. Please rank in order of importance, which one you believe is most affected by age diversity.

<table>
<thead>
<tr>
<th>Aspects of organizational Performance affected by Gender Diversity</th>
<th>Least Important Most Important</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td>1. Creativity and innovation</td>
<td></td>
</tr>
<tr>
<td>2. Decision-making</td>
<td></td>
</tr>
<tr>
<td>3. Product and service quality</td>
<td></td>
</tr>
<tr>
<td>4. Intra-organizational communication</td>
<td></td>
</tr>
</tbody>
</table>

7. On a scale of 1 to 5, indicate the level of creativity and innovativeness of your firm.

[ ] Not sure [ ] least creative and innovative
[ ] Somewhat creative and innovative [ ] Quite creative and innovative
[ ] Very creative and innovative

8. Do you think that the impact of age diversity on creativity and innovation within your firm has been positive or negative?

[ ] No Effect [ ] Mostly negative
9. Is it easier or harder to make decisions in your firm?

[ ] No Effect [ ] Very hard
[ ] Hard [ ] Easy
[ ] Very Easy

10. Would you say age diversity makes decision-making in your firm harder or easier?

[ ] No Effect [ ] Makes it very hard
[ ] Makes it hard [ ] Makes it easy
[ ] Makes it very easy

11. On a scale of 1 to 5, indicate the quality of your firm’s products and services of your firm.

[ ] Not sure [ ] poor quality products/services
[ ] Somewhat quality products/services [ ] Good quality products/services
[ ] Very high quality products/services

12. Do you agree that age diversity leads to improvement of product and service quality due to multiplicity of perspectives and knowledge?

[ ] No Effect [ ] Mostly negative effect
[ ] Negative effect [ ] Positive effect
[ ] Mostly positive effect

13. Would you agree that communication between among employees in your firm is easy?

[ ] Not Sure [ ] Strongly Disagree
[ ] Disagree [ ] Agree
[ ] Strongly Agree

14. Has age diversity made it easier or hard to communicate within your organization?

[ ] No Effect [ ] Mostly negative
[ ] Negative [ ] Positive
[ ] Mostly positive
15. How has age diversity affected problem solving in your firm? Has it made it easier or hard?

[ ] No Effect  [ ] Very hard
[ ] Hard  [ ] Easy
[ ] Very Easy

**PART III: IMPACT OF GENDER DIVERSITY ON ORGANIZATIONAL PERFORMANCE**

16. In the Table are some of the aspects of organizational performance affected by gender diversity. Please rank in order of importance, which one you believe is most affected by gender diversity.

<table>
<thead>
<tr>
<th>Aspects of organizational Performance affected by Gender Diversity</th>
<th>Least Important</th>
<th>Most Important</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Quality of management and leadership</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>2. Organization’s competitive advantage</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Job Satisfaction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Organizational culture</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

17. How would you rate the quality of the management and leadership of your firm?

[ ] Not Sure  [ ] Very poor
[ ] Poor  [ ] Good
[ ] Very good

18. How would you rate the impact of gender diversity on the management and leadership quality in your firm?

[ ] Not Sure  [ ] Very poor
[ ] Poor  [ ] High
[ ] Very high

19. Would you agree that your firm is highly competitive as compared to competitors?

[ ] Not Sure  [ ] Strongly Disagree
20. What would you say is the nature of the impact of gender diversity in your firm on your firm’s competitive advantage?

[ ] No Effect  [ ] Mostly negative
[ ] Negative   [ ] Positive
[ ] Mostly positive

21. Are you satisfied with your job?

[ ] Not Sure  [ ] Strongly Disagree
[ ] Disagree  [ ] Agree
[ ] Strongly Agree

22. Would you say the gender diversity in your firm influences your current perception of job satisfaction?

[ ] Not Sure  [ ] Strongly Disagree
[ ] Disagree  [ ] Agree
[ ] Strongly Agree

23. Do you consider your organization as a having a distinctive culture?

[ ] Not Sure  [ ] Strongly Disagree
[ ] Disagree  [ ] Agree
[ ] Strongly Agree

24. To what extent has gender diversity of your firm determines your organizational culture?

[ ] Not Sure  [ ] to a minimal extent
[ ] not at all  [ ] to some extent
[ ] to a great extent

25. Generally, what kind of effect would you say that gender diversity has on the performance of your organization?

[ ] No Effect  [ ] Mostly negative
[ ] Negative   [ ] Positive
[ ] Mostly positive
PART III: IMPACT OF ETHNIC DIVERSITY ON ORGANIZATIONAL PERFORMANCE

1. In the Table are some of the aspects of organizational performance affected by ethnic diversity. Please rank in order of importance, which one you believe is most affected by ethnic diversity.

<table>
<thead>
<tr>
<th>Aspects of organizational Performance affected by Gender Diversity</th>
<th>Least Important</th>
<th>Most Important</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Corporate reputation</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>2. Team performance</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>3. Employee productivity</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>4. Job satisfaction</td>
<td>4</td>
<td>2</td>
</tr>
</tbody>
</table>

2. How would you assess the reputation of your firm?

[ ] No Effect [ ] Mostly negative
[ ] Negative [ ] Positive
[ ] Mostly positive

3. To what extent would you say that ethnic diversity has impacted on the reputation of your firm?

[ ] Not Sure [ ] to a minimal extent
[ ] not at all [ ] to some extent
[ ] to a great extent

4. Do you agree that ethnic diversity impacts positively on team performance in your organization?

[ ] Not Sure [ ] Strongly Disagree
[ ] Disagree [ ] Agree
[ ] Strongly Agree

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5. In the Table are some of the aspects of ethnic diversity that affect team performance. Please rank in order of importance, which one you believe most affects team performance.

<table>
<thead>
<tr>
<th>Aspects of ethnic Diversity that affect team performance</th>
<th>Least Important</th>
<th>Most Important</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Different perspectives in a problem/task</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Different skills-set regarding a problem/task</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Multiplicity of knowledge and experiences.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Job satisfaction</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

6. Would you say that working with colleagues from other ethnic backgrounds has affected your productivity?

[ ] Not Sure                       [ ] Strongly Disagree
[ ] Disagree                      [ ] Agree
[ ] Strongly Agree

7. Regarding your answer above (in question 31), what would you say has been the outcome of this influence on your level of productivity as an individual?

[ ] No Effect          [ ] Mostly negative
[ ] Negative           [ ] Positive
[ ] Mostly positive

8. Do you feel satisfied with your job working with people from diverse ethnic background?

[ ] No different     [ ] Very dissatisfied
[ ] Dissatisfied     [ ] Satisfied
[ ] Very Satisfied

9. What would you say is the impact of ethnic diversity on communication and information sharing in the firm?

[ ] No Effect          [ ] Mostly negative
[ ] Negative           [ ] Positive
[ ] Mostly positive
10. Is ethnic diversity good for the performance of your firm?

[ ] None at all  [ ] to a little extent

[ ] to a great extent  [ ] extensively

_END_