INFLUENCE OF BOARD DIVERSITY ON ORGANIZATIONAL PERFORMANCE: A CASE STUDY OF EAST AFRICAN BREWERIES LTD

BY

EVELYN WANGARI KURIA

UNITED STATES INTERNATIONAL UNIVERSITY - AFRICA

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EVELYN WANGARI KURIA

A Project Report Submitted to the School of Business in partial fulfillment for the requirement for the Degree of Masters in Business Administration (MBA)

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UNITED STATES INTERNATIONAL UNIVERSITY
AFRICA

SUMMER 2017
STUDENT DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than United States International University in Nairobi for academic credit.

Signature:  
Evelyn Wangari Kuria (ID No: 646386)  
Date: 16/08/2017

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

Signature:  
Fred Newa  
Date: 16/08/2017

Signature:  
Dean, Chandaria School of Business  
Date: 18/08/17
DEDICATION

This project is sincerely dedicated to my loving husband Erastus and our Son Liam for accepting me to spend most of their time out of the normal outing schedules to offering the same to library and my parents for the unquantifiable support they also offered. I could not have completed this research project without constant encouragement from my colleagues and friends even if time may not allow me to mention you by names.

May the Lord God bless you all.
ACKNOWLEDGEMENTS

My thanks and appreciation Dr Fred Newa for persevering with me as my supervisor and advisor throughout the time it took me to complete this research. His constructive criticism, careful guidance, support and patience have been very instrumental to the completion of this project in time. I must acknowledge the many friends and classmates as well with whom we shared knowledge through discussions and supported my research in one way or another.

I would also like to thank the companies for availing the information I so much needed in form of financial reports and assisted in filling out the questionnaire and other forms on data collection to complete this project within the allowed time frame.
ABSTRACT

The main purpose of this study was to investigate the factors affecting board diversity in Kenya with a specific reference to EABL. This study was guided by the following three research questions: How does age diversity on the board affect performance of EABL? how does gender diversity on the board affect performance of EABL? And how does academic diversity on the board affect performance of EABL?

A descriptive and inferential research design were adopted for this study. The dependent variable of the study was board performance while the independent variables of the study were gender, age and academic qualifications. The targeted population consisted of thirty board members and top management. Proportionate stratified random sampling technique was used for this study. The primary data collection tool used was administered questionnaires. A pilot test was conducted with a few respondents before the questionnaire was reviewed and then distributed to the selected sample. The data collected in this study was analysed using descriptive statistics through SPSS for windows to provide simple summaries in form of tables, figures and explore relationships between responses to different questions, correlation and regression was used to substantiate the relationship between the independent and dependent variable.

The findings regarding the demographics characteristics indicate that men dominate the top management as much as the women with a ratio of equal women and men. The indicators clearly showed that most of them are aware of gender inclusion at the board level.

Regarding the second research question for the age affecting performance of EABL indicates that most of the board members were above fifty years of age. Conversely, employees could move up the hierarchy and so many of the employees had worked there for many years.

Finally, on the third research question on academic qualification affecting performance shows that majority of the strategies that foster high performance in EABL aren’t based necessarily on the diversity of a candidate’s career during recruitment. Majority of the
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Finally, on the third research question on academic qualification affecting performance shows that majority of the strategies that foster high performance in EABL aren’t based necessarily on the diversity of a candidate’s career during recruitment. Majority of the
board members and top management still trend in their major career paths. They also agreed that specialization and academic focus was important in certain areas.

Lastly, the value of R-squared indicated a high confidence level of EABL performance is predicated on age, gender and academic qualification data and that F-value was also relevant. The model is fit for all age, gender and academic qualification data since it significantly predicts EABL performance hence there is a relationship.

The results revealed that board diversity accounts only for a small percentage of the variation in the performance of EABL. This study reveals that a huge percentage of the variation in the performance of EABL is explained by other factors.

The conclusions made are that age, gender and academic qualification have a positive effect on EABL performance. Moreover, the study showed that diversity affects performance and in this regard, companies should implement various forms of diversity to increase their overall performance.

The recommendations that were made are that companies in FMCG sector in Kenya should pay more attention to all the above-mentioned diversity factors in order to remain relevant and competitive in the market while at the same time conforming to the human resource best practice.
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study

A board of directors is a body of elected or appointed members who jointly oversee the activities of a company or organization (Craig & Lattman, 2010). Boards of directors' activities are determined by the powers, duties, and responsibilities delegated to it or conferred on it by an authority outside itself (Hillman, Shropshire & Cannella, 2007). Over the years, regulators have placed great emphasis on addressing different matters relating to the board of directors. Recent academic literature suggests that one of the ways to enhance corporate governance is through research of the board of directors. For instance, in Standard & Poor’s 1,500 index (2006), says that only Manufacturing companies are continuously seeking to get an edge over other manufacturers and some are merely trying to stay in business while others are trying to increase market share and receive increased revenues and profits. According to Vicki, Konrad, Erkut & Sumru (2006), the board has the ultimate decision-making authority and, in general, is empowered to (1) set the company's policy, objectives, and overall direction, (2) adopt bylaws, (3) name members of the advisory, executive, finance, and other committees, (4) hire, monitor, evaluate, and fire the managing director and senior executives, (5) determine and pay the dividend.

The term board diversity is used to illustrate how individuals differ by gender, ethnicity, academic qualification and profession, Giovannini (2004). According to him diversity, is defined as any dimension that can be used to differentiate groups and people from one another, in this diversity can be visible or invisible. Board diversity integrates the meaning of diversity within the workplace at the board level. It can also be defined as a broad range of differences that influence how people interact and achieve business results. Board room diversity can be categorized whereby members possess diverse elements and abilities that differ from each other. This element can vary according to age, gender, race and academic background among others (Hambrick & Finkelstein, 1995).

A company's behaviour and performance are an occupation of its top management team; It is their job to shape the culture and reputation of the company, which makes most of the firm's important strategic and organizational decisions, Hambrick & Mason (1984).
This means that anything that improves the task performance of the top management team should, consequently, progresses firm performance. Moreover, gender is salient and readily available for social classification (Jena, 2016). Such surface-level diversity can trigger expectations that informational differences may be present and legitimize the manifestation of divergent perspectives among the male majority even if the surface-level diversity is not, in fact, associated with greater evidence diversity. It follows that even the presence of a woman with congruent information may stimulate a broader and richer discussion of alternatives and, thus, improve decision making within the top management team (Kevin & Míquez-Vera, 2008). The organization expects gender assortment, especially in the form of adding a female to an otherwise all-male top management team, to improve the team's chore performances. Better task performance by the top management team, in turn, leads directly to better firm performance.

A company can outperform rivals only if it can establish a difference that it can preserve (Porter, 1990). Warren Buffett further states: “The key to investing is not assessing how much an industry is going to affect society, or how much it will grow, but rather determining the competitive advantage of any given company and, above all, the durability of that advantage. The products or services that have wide sustainable moats around them are the ones that deliver rewards to investors” (Warren & Carol, 1999, p. 6). Corporations collapse if the leadership suffers from the weaknesses such as failure to sell its vision to its followers; the inability to respond or identify threats; overestimating their ability to control the firm’s external environment; having no boundary between their interests and those of the company; a belief that they can answer all questions, eliminating all those who disagree with them; and underestimating obstacles and relying on what worked in the past. There has been numerous studies of women in general but there is an existing problem area in young women. Most of the studies have been studying women from age 40-60 years.

In general, we tend to surround ourselves with people that look like us, think like us, and who value the same things we do. Keeping the board diverse by having some people who are older than you, some who are younger than you, and some who are in your field as well as some in different field, establishing a diverse group of people with different backgrounds will provide you and the company with unique perspectives that you may not have otherwise had (Adams & Mehran, 2005).
Performance is defined as the accomplishment of a given task measured against present known standards of accuracy, completeness, cost and speed, Business Dictionary (2000). The balanced scorecard is management tool that is used extensively in organizations worldwide to align business activities to the vision and strategy of the organization Kaplan, Robert and Norton (2001) it’s a framework that added strategic non-financial performance measures to organizational performance. Performance can be measured in financial and non-financial ways.

East African Breweries Limited (EABL) Is East Africa's leading branded alcohol beverage business with an outstanding collection of brands that range from beer, spirits and adult non-alcoholic drinks. The group's diversity is an important factor in delivering the highest quality brands to East African consumers and long-term value to East African investors. The brewery can be traced back to 1922 when the two brothers from England started brewing beer under the name KBL. They took the company public in 1934 and changed the name to EABL. Its main competitor is Keroche Breweries Ltd. EABL was a subsidiary of Guinness but currently it’s a subsidiary of Diageo. Diageo is a global leader in beverage alcohol with an outstanding collection of brands including Johnnie Walker, Crown Royal, JeB, Buchanan’s, Windsorwhiskies, Smirnoff, etc. Its head office is in the UK (EABL report, 2011). It is critical to note that EABL is a subsidiary of DIAGEO. The mother company is in Europe and even though the company is a public entity the board and the overall strategy of the organization is mostly controlled by Diageo including Board of director's selection.

1.2 Statement of the Study

Board diversity is a recent corporate governance concept that has recently caught the attention of policy makers, managers, directors, shareholders, and academia (Johansen, 2008). Following this interest, various studies have been undertaken to establish the effect of board diversity on firm performance. These studies however, focus on the developed countries. Few studies have been carried out in the developing countries, Kenya being included. Tversky & Kahnemen (1974) says that this are in many domains of life including business and leadership, given this in mind is why most women aren't given the benefit of doubt to be in the top management. The other thing that is evident
from the studies from developed countries is that most of the studies focused on the non-financial sector with very few dealing with the financial sector.

Active board participation is one of the main challenges faced by most organizations. We explore the effect of board of directors' characteristics of age, gender, and education background on their ability to effectively perform their board roles in monitoring and resource provision. Organization strategy makers are apprehensive with the role of boards in terms of the performance of the industry.

Most studies use the agency theory and resource dependence theory to test the relationship between directors' physiognomies and boards' performance, the empirical analysis is based on a survey institutions from three East African countries i.e. Kenya, Tanzania, and Uganda (Smith, 1994). The results show a positive connection between directors' age and their ability to oversee and provide the board with capitals. The study also shows that the effect of directors' level of education on boards' performance is positive, while no evidence was found with regard to the effect of female directors on boards. The findings suggest that board directors need to be prearranged based on their personal characteristics and their ability to perform their responsibilities (Sean, 2016).

A lot of research has been done of factor affecting performance. Miller (2009) explores the direct relationship between racial, gender diversity and firm performance. Fields (2003) investigates the role that outside directors play in monitoring managers as a way of board diversity. An article on gender diversity explores how the diversity of board resources and the number of women on boards affect firms' corporate social responsibility ratings, and how, in turn, CSR influences corporate reputation, Bear et al (2010) focuses on board diversity but only in Australian companies, Kang et al (2007). In Kenya, It does not however tackle the diversity issues directly at the board but in the general staffing of an organization (Ogeno, 2011). Previous studies have shown that there are various factors that influence performance and board performance has an impact. By querying aspects like gender, age and academic qualification, we can be able to no know if they have positive, negative or zero impact of the Board of EABL.
1.3 Purpose of the Study

This research therefore seeks to address board diversity in EABL and to answer questions like whether there is any relationship between board diversity and financial performance of EABL.

1.4 Research Questions

The primary questions this study will be answering are as follows

1.4.1 How does age diversity on the board affect performance of EABL?
1.4.2 How does gender diversity on the board affect performance of EABL?
1.4.3 How does academic diversity on the board affect performance of EABL?

1.5 Importance of the Study

The beneficiaries can be Theory building, Policy and Practice.

1.5.1 East African Breweries Ltd

This study has provided EABL with a document that they may refer to, in order to gauge the effects of board diversity on their operations and how they may tap the opportunities presented by the sustainable implementation as well as come up with measures to mitigate the challenges posed.

1.5.2 Other Board Members

The findings and recommendations of this study would be useful to managers and Lean Manufacturing practitioners by helping them to formulate effective and sustainable lean manufacturing practices for competitive advantage in their organization. It would also educate them on the pros and cons of using the various means of achieving lean manufacturing. The findings and recommendations would also help influence shaping how successful and sustainable lean manufacturing is implemented in a Kenyan context.
1.5.3 The Government

Through the study the government can be able to realize the reason as to why many of the local industries in this segment may be lagging in their growth. Thus, formulate effective measures on how to stimulate the manufacturers sheathing to implement sustainable lean manufacturing.

1.5.4 Academia & Research

Knowledge seekers in the fields of strategic management, lean manufacturing, research methods, management, and development studies would find this research study useful. In particular, this research study would be beneficial to the researchers with research interests in lean manufacturing and competitive advantage, by serving as a point of reference. In addition, future researchers would be able to formulate further studies based on the recommendations of this study. The findings would contribute towards the general local knowledge as well as serve as a starting point for future research.

1.6 Scope of the Study

The study covered the board members the ten current board members of East African Breweries Ltd and the time taken to do the study was 4 months i.e. from January to April 2017. EABL was chosen because of its significant market share and competitive advantage in the current market that show performance and success. The study will obtain data from the government, the Kenya association of manufacturers, newspapers, journal, annual reports and company website. The study was carried in Kenya only; the world over has done various researches on the same but not in the Kenyan content.

1.7 Definition of Terms

1.7.1 Performance

It is defined as the accomplishment of a given task measured against pre-set known standards of accuracy, completeness, cost and speed Kramer (2006).

1.7.2 Board of Governors

It is a body of elected or appointed members who jointly oversee the activities of a company or organization, which can include a non-profit organization or a government agency or corporation (Larson, Teisberg & Johnson, 2000).
1.7.3 Balanced Scorecard
It is a strategic planning and management system that is used in organizations to align business activities to the vision and strategy of the organization, improve internal and external communications, and monitor organization performance against strategic goals. (Robert & Norton, 2001).

1.7.4 Diversity
Diversity encompasses complex differences and similarities in perspectives, identities, and points of view among members of an institution as well as among individuals who make up the wider community. (Jones, 2013)

1.7.5 Strategy
This is the creation of a unique and valuable position, involving a different set of activities and might require trade-offs and the creation of fit within company activities (Porter et al., 2003).

1.7.6 Competitive Advantage
Competitive advantages are conditions that allow a company or country to produce a good or service at a lower price or in a more desirable fashion for customers. Michael (Porter, 1990).

1.8 Chapter Summary
This section has highlighted gap in the study of having few female leaders in the top management level and their influence on success of any company. Additionally, the section then showed how female leaders can be deemed as a strategic tool in trying to gain competitive advantage. The study therefore seeks to explore the impact of female leadership has on competitive advantage and if its benefits are long term in the Kenya. The chapter laid out the background of the study, the problem statement, the research objectives, justification of the study, and the scope of the study and the definition of terms. Next is chapter two which elaborates in-depth on the literature review. Third chapter handles the research methodology of the study; we look at the sample sizes, data collection techniques. The forth gives the results, analysis and findings of the study while chapter five renders the discussions, conclusions and recommendations at the end.
Even though firm’s performance was measured by Tobin’s Q, the results were like those of accounting measures like ROA and ROI. This study however did not consider all firms in Spain in that financial division firms were excluded from the sample, (Nguyen et al. 1997). This study also focused on only companies listed on the Madrid market. Other authors, those from Australia have established that diversity is positively related to firm value e.g. (Nguyen et al. 1997); Firm’s performance was measured by Tobin’s Q analysis and studies. These studies involved large firms on the Australian FMCG for a period of two years, from 2000 to 2001. They also applied 2SLS methodology in its study of the effect of gender on performance (Deitch, 2011).

Many proponents of board diversity tout the different perspective that women bring to many issues in the running of the company, (Bonn 2004). While that may be true, the simple fact is that neglecting women from any issue omits half of the thought leadership on the world, (Jenkins-Scott 2011). All companies operate in a steadfast changing, complex and varied ecosystem. From the finance point of assessment, the stock market provides the best degree of a firm’s value. A firm is worth only what the market is willing to pay for it, (Irungu 2007). Scholars have witnessed that the connection between board structure and firm performance and this has been the most-studied aspect among board studies (Pearce & Zahra 1989). It is often assumed that a company’s financial performance is mainly determined by board diversity. Pfeffer (1983) argued that it is not essential to understand board procedures as directors’ performance can be deduced from their demographic features.

### 2.2.2 Age Diversity

Age diversity can be described as the acceptance of all age groups in the workforce. Boards and top management need to identify what developments and solutions are needed to make a company prosperous. True diversity doesn’t just mean adding people of diverse indigenous backgrounds, it means adding new viewpoints (Bhagat & Black, 2002). Marginal genders, ethnicities and ages are all symptoms which can be measured directly, but it’s tricky to measure correlation among a diverse background and similarly diverse perspectives (Fennel, 1993).

In social psychology, there is demographic and cognitive diversity, In cognitive diversity which has broader perspectives but also with hazards of increasing obstacles to
communication Homberg, (2010). Managing scholars with qualifications in sociology and psychology were among the first to conduct statistical findings of board configuration and can be credited as the pioneer of this field (Pfeffer, 1972). Pfeffer views boards mainly as a mechanism for designating other external organizations and individuals, which is consistent with his view of firms as dependent on external resources. He theorises that board configuration in terms of insiders and outsiders, the number of directors with financial expertise, and the number of attorneys on boards depends on the organisation’s need for creating links with the external setting, (Pfeffer 1972).

Issues of diversity are various at any board; therefore, we need to study the issues affecting performance in order to maximize commercial success. One of the major issues in a board room is age, at any given time there may be three or four generations in employment, Badal (2014). This means that people whose ages could make them grandparents, parents and kids if they were associated. This diversity brings different experiences, worldviews and intensities to the present-day workplace. This also leads to many people delaying their retirement to stay in the workforce longer, (Miles 2011). Although gender is one of the primogenital and most common diversity disputes in the workplace, we have seen the birth of disputes cropping up over equal pay and opportunity to all employees despite their background. This is also contemporaneous at the board level where some of the members are even senile and their productivity is low (OECD OSLO Manual 2010).

2.2.3 Effects of Age Diversity on Organization Performance

A generation is a group of people defined by age boundaries, those who were born during a certain era, Notter (2009). They share similar experiences growing up and their values and attitudes, particularly about work-related topics, tend to be similar, based on their shared experiences during their formative years. If this definition sounds vague that is because it is. Generations are fuzzy things. Raines (2002). Their beginning and endpoints are approximations. The variations within generations are expected to be large. But the generalized characteristics of each generation do prove to be useful in managing diversity in the workplace, because they help individuals understand their own and others’ assumptions about how organizations should be run and how people should be treated (Blickenstaff &Clark, 1990).
The emergence of Generation X into the workforce coincided with the identification of generational differences as important in the workplace. In the early 1990s articles started appearing describing this generation as it moved into the workplace with some suspicion and frustration the newest generation in the workforce, Millennials are those that were born after 1980, Notter (2009). The oldest individuals in this generation are only 22 years old, yet they still account for approximately 10% of the workforce.

This Y generation was born before World War II, and many of them grew up during (or at least had personal memories of) the Great Depression in this country. As many Matures have already retired, this generation only accounts for approximately 5% of the workforce today, Notter (2009). Those that are still working, however, are in senior positions and wield considerable power. This generation is strongly influenced by family and religion. Education is viewed as a dream, and leisure time is understood as a reward for hard work. This generation’s discomfort with change and focus on stability and rules is often attributed to the painful upheaval associated with the Great Depression and World War II. According to Notter (2009) who insists that this generation is marked by the following core values: Dedication, Sacrifice, Hard Work, Conformity, Law and Order, Respect for authority, Patience, Delayed reward, Duty before pleasure, Adherence to rules.

2.3 Effects of Gender Diversity on a Firm’s Performance

The process of the appointment of directors should be sensitive to gender representation, regional and national outlook and should not be perceived to represent single or narrow community interest. Various researchers suggest that gender diversity in the board level improves company performance because of the varied points of view and experience of the members. However, rigorous, peer-revised academic examination shows a different picture. Regardless of the instinctive appeal of this proposition that gender diversity on the board improves company performance, research submits otherwise.

Results have shown it that having a woman on the board has zero effect on the performance of the company. Do corporations with women on the board accomplish better than companies whose boards are all-masculine? Many make this claim. Firms with gender-diverse management teams have been proven to consistently perform better and be more profitable than those without them. Evidence to support the value of having more
women in senior leadership positions is there. A growing body of research has proven that companies with more women in high-ranking executive and board roles have advantages over those that don’t.

But research done by a few consulting firms say it is not as rigorous as peer-reviewed academic research. Rigorous; peer-reviewed studies suggest that companies do not perform better when they have women on the board. Nor do they perform worse. Given the global interest in the effects of board gender diversity and the availability of abundant data on the same composition and firm performance, many researchers have explored the topic. (Post and Byron, 2015). The results of these two meta-analyses, summarizing numerous rigorous, original peer-reviewed studies, suggest that the relationship between board gender diversity and company performance is either non-existent or very weakly positive. Supplementary, there is little or no evidence available to suggest that the addition, or presence, of women on the board essentially causes a change in company performance.

In sum, the research results suggest that there is no business case for or against appointing women to corporate boards. Women should be appointed to boards for reasons of gender equality, but not because gender diversity on boards leads to improvements in company performance. On the other hand, Post and Byron (2015) found that firms with more female executives tend to have slightly higher accounting returns, such as return on assets and return on equity, than firms with fewer female directors. The relationship was statistically noteworthy suggesting it wasn’t a chance effect but it was minimal and thus statistically insignificant.

It’s worth noting that even if the meta-analyses discovered a stronger relationship between board gender diversity and firm performance, we cannot conclude that board gender diversity causes firm performance. To establish the relationship and its strength, you need to conduct a randomized control trial. But, that can be tricky since board roles are highly sensitive and we can’t randomly assign board members to companies.

Unquestionably, breaking the glass ceiling matters. It signals an end, or at least the beginning of an end, to gender exclusiveness in firm leadership. Are there further consequences for firm performance if females join a firm’s upper levels? An immense
investigative effort has been devoted to these questions. Yet, the answers have not been clear or consistent. Using meta-analytic techniques, we have uncovered findings that help to settle some of those answers. Our foremost conclusion is that there is no cumulative, zero-order evidence of long-term performance declines for firms that have more females in their upper strata. By and large, the opposite is true, the theory only helps slightly. There are small but dependably positive connotations of female representation in top positions with long-term value creation for a firm’s economic outcomes. The modest size of the positive effects helps explain uncertainty and inconsistency in prior studies (Eagly, 2016).

To say that it makes no difference whether there are more women than men in top management remains to be proven since we already know that that threatens the status quo (Kelly & Dobbin, 1998). Men prefer to remain in the top management position even if it might have a financial effect on the company. Many female mentors are needed to groom and “play golf” with young female upcoming executives. People need to get used to the idea of having more women in this roles. Issues of sexual harassment have to be sensitively addressed to avoid them hindering the mentorship and bonding process at the board level. Women also need to stop seeing other women as a threat and need to trust and accept to be led by a woman with the same faith as if being led by a man. They do not need to view it as a threat but as giving room for more women to advance in these roles (Patrick & Kumar, 2012).

2.3.1 Gender Diversity in boards
Organisations provide a source of employee engagement and capacity building opportunity. Growing information, Bertrand &Scola (2003) has shown individual manager characteristic matter to a firm’s performance. In the past woman have had a more domestic role and have come to believe that is the only contribution they can make. But with the concept of career mum getting popular, this is no longer the case (Larson, Teisberg, & Johnson, 2000). In the western world, some of the men are choosing to be stay at home dads, while their wives go into the corporate world and bring home the bacon. Education has mostly played the role of elating women to this position. It has ensured that the educated men allow the women in their families to also get an opportunity to study but also the women have taken upon themselves to keep pushing the boundaries in a male dominated world (Dess & Robinson, 1984).
New data from the Peterson Institute for International Economics and EY bolsters that case. The groups analysed results from 21,980 global, publicly traded companies, in 91 countries from various industries and sectors and showed that having at least 30% of women in leadership positions, or the “C-suite,” adds 6% to net profit margin. “The evidence on women in the C-suite is robust: no matter how we torture the data we get the same result: women in the C-suite are associated with higher profitability,” Marcus Noland, director of studies at the Peterson Institute, told Quartz in an email. Carter et al. (2003) explains the relationship between board diversity and firm performance based on the agency theory and they posit that board diversity enhances the board’s ability to monitor top management. In addition to this, they argue that increasing the number of female directors may increase board’s independence since women tend to ask questions that male directors may not ask.

Gender also has some corporations having trouble dealing with the fact that a man in women’s clothing or a woman in the stages of "becoming a man" may perform equally as well on the job done as those in traditional gender roles. Lastly with racial issues is where some individuals harbour unfair prejudices against people of different colours, cultures, ethnicity or religion than their own. Such prejudice should not be tolerated in the workplace and board room and should be dealt with in a firm and prompt manner. Firm company policies and appropriate training help build acceptance and respect among a well-diversified board (Hillman, Shropshire & Cannella, 2007).

These findings were like those of Adusei (2010) who found no relationship between board composition and with KBL performance in Ghana although board composition as found to have positive effect on with KBL efficiency. At the same time, Alonso and Gonzalez (2006) studied 66 banks in OECD countries from 1996 to 2003. They established an inverted U shaped relation between the measures of with KBL performance (Tobin’s Q, ROA, the annual market return of a with KBL shareholder) and board size which they posit justifies a large board but imposing an efficient limit on size. Their findings as well indicate a positive relation between the non-executive directors and performance. Moreover, Busta (2007) sampled 69 listed banks from the EU banking sectors over the period 1996-2005 and 125 banks operating in EU-15 and Switzerland during 2004.
In today's world, women remain significantly underrepresented at the top of the corporate hierarchy, both in the boardroom and in top management (Daily, Certo & Dalton, 1999). Traditional products are produced in high volumes and with low margins. New consumer patterns and fierce competition are forcing companies to supply a broader range of products and simultaneously lower their costs. This requires improved efficiency in production and logistics operations. Sustainable competitive advantage is defined as "the result of a business being either a particularly able player in its market (i.e. being better, which could mean being lower cost or more lean) and/or, being differentiated in what it offers (Jones, 2013).

Since the marketplace itself is diverse, gender diversity will make it easy for firms to penetrate these markets. Robinson & Decant (1997) also noted that diversity in boards increase creativity and innovation. This view therefore states that the attitudes, beliefs and cognitive functioning of humans are not distributed in a random pattern but appear to be systematically distributed with variables like gender, race and age. It is further noted that diversity especially in terms of gender leads to greater problem solving. This is because many alternatives are carefully evaluated in terms of pros and cons. We accordingly expect gender diversity, especially in the form of adding a woman to an otherwise all-male top management team, to improve the team's task performance. Better task performance by the top management team, in turn, leads directly to better firm performance.

Some researchers have established that a board that is diverse in terms of gender is likely to have positive impact on its performance. For instance, Erhardt et al. (2003) established that a company that has got women and minority groups as part of its directors tend to have positive impact on performance. Erhardt, Werbel & Shrader (2003) carried their study in the US for a period six years starting from 1993 to 1998. The performance here was measured by return on assets and return on investment. Their study looked at large companies in all the industries in the US. Even though, the findings of this study were positive, it will be hard to attribute the positive results to women directors only as minorities are also included. The minority could even be male directors who come from minority tribes or groups. Several other researchers have come to the same conclusion that board diversity has positive effect on firm performance. Minguez-Vera & Campbell (2008) for instance, found this to be the case in Spain.
2.3.2 Effects of Gender Diversity on Organisation Performance

Gender balance in corporate leadership isn’t just the right thing to do; it’s the smart thing to do. Extensive data confirms that achieving that balance consistently helps to drive profitability, as well as customer and employee engagement. To be successful, leadership must mirror the faces of the customers it serves. It is the only way to relate, realize promise and fulfil potential. A more diverse top line goes a long way toward achieving a more desirable bottom line. Gender balance in corporate leadership isn’t just the right thing to do it’s the smart thing to do.

Extensive data confirms that achieving that balance consistently helps to drive profitability, as well as customer and employee engagement. To be successful, leadership must mirror the faces of the customers it serves. It is the only way to relate, realize promise and fulfil potential. A more diverse top line goes a long way toward achieving a more desirable bottom line. Freeman (1984) contends that the network of relationships with many groups can affect decision-making processes. This draws on stakeholder theory whose concern is the nature of the relationships in terms of both processes and outcomes for the firm and its stakeholders. This theory focuses on managerial or strategic decision-making and suggests that the interests of all stakeholders have intrinsic value, and no sets of interests are assumed to dominate others (Abdullah and Valentine, 2009).

Burrell (2011) a diverse board is a better board. Diversity is the foundation of America. When corporate boards include diverse perspectives, they can make better decisions for the company and its stakeholders. Diversity adds value, and adds to the bottom line. Corporate governance also received close attention after the entry of professional managers who wielded power over investors’ resources, King Commission, (2002). Further, inconsistent accounting practices allowed managers to disclose only minimum financial information to shareholders, boards of directors engaged themselves as vendors to reap unfair profits and manipulated shareholders into approving unworthy investments and compromised auditors at meetings.

Despite this pressure on modern corporations, the existing studies on the impact of board diversity on firm performance show mixed results (Randøy et al. 2006). The association between board gender diversity and firm performance shows inconclusive evidence in the non-financial sector studies. The effect of board gender diversity on firm performance is
believed to arise because of the benefits that accompany board gender diversity. This was explained intuitively by Robinson & Dechant (1997). It is argued that this diversity promotes a better understanding of the marketplace in which a firm operates. At the same time, a study by (Rose 2007) in Denmark established similar results to those of Randoy et al. (2006) that board diversity has no effect on firm performance. Rose’s study however focused on listed companies and employed Tobin’s Q as its performance measure as opposite to Randoy et al. (2006) who employed returns on assets. This study as well focused on country only.

Contrary to the studies of Randoy et al. (2006) and Rose, (2007) (N. Smith et al. 2006) established that board gender diversity has a positive effect on performance of firms in Denmark. Their study focused on the large 2500 Danish firms during the period 1993-2001. However, their study used performance measures such as gross value added to net turnover, profit on ordinary operations to net turnover, ordinary result to net assets and net result after tax to net assets which may be considered weak. One thing that is common among these studies from Scandinavian countries is that they majorly focused on non-financial firms. The ineffective boards whose incompetence and lack of commitment to values as well as obscurity given to minority shareholders require intervention of governments through corporate governance principles and rules.

2.4 Effects of Academic Diversity on a Firm’s Performance

Do CEOs holding degrees from prestigious domestic universities perform significantly better than those without such qualifications? Board usually need Executive Directors who understand every single risk, products associated with the Company and shall have knowledge of the way the Group’s longer term strategy is pursued in practice and have an ability to influence its policies; and effectively direct the business of the Company , (Masons 2007). According to the federal reserve board charter, a board member doesn’t have to have attained specific skills or qualification but at least one must be independent and financially literate (Federal Reserve Report, 2008).
2.4.1 Academic Diversity in Boards

The CEO of a company reports to the board of directors, a group of individuals who determine the company's strategy and are accountable for its performance. Companies look for directors who have relevant industry experience, strategic and problem-solving skills, and strong interpersonal and negotiation skills (Darmadi, 2013). However, most companies also want directors to represent a mix of cultural and educational backgrounds and who can offer a variety of perspectives on company issues.

Most companies look for directors who have senior leadership experience or who have served as a director of another company in the same or a similar industry. For example, companies that are regulated by the government look for directors who have government relations experience. Global companies specifically look for board members with international skills and experience (Adams 2005). Non-profit organizations tend to look for philanthropists or directors with non-profit experience. Most financial organizations specifically look for directors with finance and accounting experience. They also cite risk management as a skill that directors should have.

The National Association of Corporate Directors interviewed executives serving on boards of directors. The executives cited strategic thinking skills, problem solving skills, leadership skills and an understanding of the latest management techniques as critical skills for board members, Medland (2012). They also indicated that directors must be transparent in terms of any interests that might appear to influence their opinions, and must take responsibility for the opinions and recommendations they make.

Most companies seek to fill boards with a diverse group of people. According to findings by the Securities and Exchange Commission, a correlation exists between board diversity and corporate financial performance, and a more diverse board helps companies recruit and retain top talent (OECD OSLO) (Manual, 2010). However, the definition of diversity varies among organizations. Some companies regard diversity as a difference in education or work experience. Others look for more cultural diversity such as differences in race, gender, age and sexual orientation.

The composition and demographic characteristics of the board have been examined in numerous studies as the key attributes of the board of directors (Pettigrew, 1990). Board
composition subsumes the individual director’s potential to solve the various tasks (Daily, Johnson and Dalton, 1999) and has generally been analysed by examining the demographic characteristics of the board (Rindova, 1999). Board size and board composition have long been regarded as important components of the governance process for firms in business as it defines the affiliation of each director as either inside or outside board member (Lawrence and Stapledon, 1999). They play a significant role in the performance of the firms. Empirical studies focusing on the influence of the educational backgrounds of board members and the CEO on financial performance are still rare in the literature. This study is among the first to address such an issue in the context of a developing economy.

Board members must have good interpersonal skills to interact with other board members and company employees in a professional manner, especially when discussing sensitive or controversial topics. (Slocum and Hellriegel, 2007) They must also have good negotiation skills. Board members must be able to ask tough questions, make recommendations and to disagree with others without alienating themselves from other board members or being viewed as someone who is generally disagreeable (Tricker, 2009).

2.4.2 Effects of Academic Diversity on Organisation Performance

Traditionally, the level of care and skill which must be demonstrated by a director has been framed largely regarding the non-executive director. In Re City Equitable Fire Insurance Co (1925), it was expressed in purely subjective terms, where the court held that: “a director need not exhibit in the performance of his duties more skill than may reasonably be expected from a person of his knowledge and experience.” However, this decision was based firmly in the older notions that prevailed at the time as to the mode of corporate decision making, and effective control residing in the shareholders; if they elected and put up with an incompetent decision maker, they should not have recourse to complain (Boone et al., 2007).

In addition, Smith et al. (2006), posit that board diversity enhances problem solving as a variety of perspectives arise hence more alternatives are evaluated in the process. Furthermore, a more diverse board may also improve a firm’s competitive advantage provided it improves the image of the firm and if this has a positive effect on customers’
behaviour and thus on a firm’s performance (Smith et al., 2006). Bathula (2008) the study looked at women in three positions: CEO, board members, and members of the C-suite. It found female CEOs do not systematically outperform their male counterparts. While there is some evidence that female board members are associated with greater profitability, the results are not statistically significant. But the C-suite results were clear: more women translated to higher profits. Noland, (1999) argues that having more women on boards is associated with having more women in leadership, otherwise known as the “pipeline effect.

Even though intellectual competence should appear to be one of the considerations in the appointment of board members, educational qualification is not always a good proxy for superior advising or managerial quality, (Grimshaw and Baron, 2010) There may be many other factors that need to be considered, such as experiences, managerial skills, networks, and other skills obtained outside schools. As such, the establishment of a nomination committee, which is expected to provide independent recommendations on qualified candidates to serve in the boardrooms, plays an important role.

The principal theoretical perspective for examining board role in corporate governance has been agency theory (Jensen and Meckling, 1976). Stewardship theory relates to the board’s task of providing support and advice to management (Davis, 1991). Resource dependence theorists (Hendry and Kiel, 2004) argue that the board is a co-operative mechanism to extract vital resources to company performance, through its members’ networks with other organizations and by linking the firm to its overall environment (Hillman et al., 2000). Corporate governance issues gained a worldwide attention in 2001 with the spectacular collapse of Enron, when the boards of directors of many under-performing firms were reluctantly thrust into the spotlight (Tricker, 2009).

In as much as different studies from different countries have established positive impact of board diversity on firm performance, others still established negative impact. This shows how inconclusive the concept of diversity is. For instance, Bohren & Strom (2007) established negative relationship between board diversity and firm performance for the Norwegian firms. This contrasts with other studies in the Scandinavian countries which established no relationship at all (Rand, 2006). Randoy et al. (2006) while undertaking a study in the Nordic countries of Denmark, Norway and Sweden established that diversity
in corporate boards do not have any effect on the performance of the firms. They measured performance by the return on assets.

However, a more modern approach has since developed, and in Dorchester Finance Co Ltd v Stebbing (1989) BCLC 498 the court held that the rule in Equitable Fire related only to skill, and not to diligence. With respect to diligence, what was required was: “such care as an ordinary man might be expected to take on his own behalf.” This was a dual subjective and objective test, and one deliberately pitched at a higher level. More recently, it has been suggested that both the tests of skill and diligence should be assessed objectively and subjectively; in the United Kingdom, the statutory provisions relating to directors' duties in the new Companies Act 2006 have been codified on this basis. Looking at board composition, Staikouras et al. (2007) find that board composition does not affect firm performance although its relationship with performance was found to be positive.

Findings from 69 listed banks also indicate that a higher presence of outside directors on boards perform better in terms of the market-to-book value and return on invested capital, in Continental Europe, while negative results were obtained in the case of UK banks. Busta (2007) finds no evidence of a significant association between board composition and Performance. At the same time, the effect of the board size, although positive, was insignificant in all cases. The results from the 125 banks show that board size has a positive relationship with the market-to-book ratio and return on investment capital and negatively related to return on assets; however, it is insignificant in most cases. Sulkily and Samad (2007) examined 107 banks in 9 Asian markets in 2004. Their findings suggest no significant relationship between performance measures (e.g. return on assets and Tobin's Q) and the board size or composition. Lastly, based on a sample of large publicly traded US banks, Pi and Timme (1993) reported that cost efficiency and return on assets are insignificantly related to the percentage of inside directors.
2.5 Chapter Summary

Quantitative analysis is conclusive that diversity on corporate boards make a difference. It is more than good business sense; the numbers prove that diversity on board’s impact profitability. Inclusion broadens a corporation’s competitive edge and global image. Board composition subsumes the individual director’s potential to solve the various tasks. People bring different cultures, backgrounds, and personalities to the table and those differences shape how they think. Some people are analytical thinkers, while others thrive in creative zones. Some are meticulous planners, and others love spontaneity. By mixing up the types of thinkers in the workplace, Deloitte believes companies can stimulate creativity, spur insight, and increase efficiency. Next chapter discusses the research methodology and data collection tools.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

The chapter presents a detailed description of the research methodology that was employed in this study. The chapter first offers the research design that was employed; this was followed by the board study which in this case was EABL’s board of directors. Therefore, the chapter presents, techniques, sampling frame as well as the sample size. The chapter also presents the data collection methods, followed by research procedures and the data analysis techniques and finally the chapter summary.

3.2 Research Design

Lucey (2002) defined research design as a plan for selecting the sources and types of information used to answer research questions. The research design used for this study was descriptive in nature. Descriptive research design facilitates the understanding of the characteristics associated with a subject population (Cooper and Schindler, 2006). It involved the observation description of variables as distributed in the population with the basic goal being the collection of information about phenomena or variables within a population through the use of questionnaires. It has a wide, inclusive coverage and involves empirical research.

Descriptive research design requires some understanding of the nature of the problem which in this study is the factors affecting employee job satisfaction in institutions of higher education in Kenya. The objective of this type of design was to describe the state of the variables; estimate the proportion of the population that have similar or different characteristics; discovery of associations among different variables; discovery and measurement of cause and effect relationships among variables (Cooper and Schindler, 2006).

This study seeks to establish if there is a relationship between board diversity (in reference to age, gender and academic diversity) in combination with other controlled variables and financial performance of EABL, hence a correlation research design was the most appropriate to establish the relationship. This methodology is appropriate when a
researcher attempts to determine if a relationship exists between two or more quantifiable variables.

3.3 Population and Sampling Design

3.3.1 Population

Garson (2012) defines a population to include a set of people, or entities to which researched findings are generalised. Mugenda and Mugenda (2008) on the other hand defines a population as the set of all groups of individuals, objects, items, cases, articles or things who have a common attribute or characteristics. In EABL, there are various positions at the top level that include the board members, committee members, and senior management. The major decisions of the company don't solely rely on the board only but on the senior management as well as the committee members. The top level management is responsible for the strategic objectives, business performance, and supervision of the business. Standing committees assist the Board in the discharge of its duties and meet regularly or when required. Senior management are now the managing directors of the various divisions of EABL. At this level most of the positions have similar decision making powers and discretions. Below is the total number of teams to focus on.

Table 3.1: Population Distribution

<table>
<thead>
<tr>
<th>Divisions</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board members</td>
<td>12</td>
</tr>
<tr>
<td>Senior management</td>
<td>56</td>
</tr>
<tr>
<td>Committee members</td>
<td>52</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>108</strong></td>
</tr>
</tbody>
</table>

Source: EABL Staff Report (2014)

3.3.2 Sampling Design

3.3.2.1 Sampling Frame

A sample frame is a list that constitutes the population. The basic idea of sampling was that by selecting some of the elements in the population, one can draw conclusions about the entire population. Therefore, a sample frame is a representation of the elements of the target population that consisted of all the elements of that population (Cooper and Schindler, 2006). The sample frame of this research mainly included all board members that are working in EABL (EABL Staff Report, 2014).
3.3.2.2 Sampling Technique

Sampling is a means of selecting some part of a group to represent the entire group or the population of interest. Sampling reduces the length of time needed to complete a research; it cuts costs, is manageable, increases accuracy and is almost a mirror of the sample population Babbie, (2004). Stratified random sampling was used in this study. The employees were grouped based on their gender age, and academic qualifications. They were then divided into senior management, board members and committee members. Random selection was applied on each stratum. The choice of this sampling technique was based on the fact that the method has an advantage in that it assures that each population element is given a known non-zero chance of selection Cooper and Schindler, (2008).

3.3.2.3 Sample Size

Thietart et al. (2001) defines a sample size as being the set of elements from which data is collected. The sample size helps the researcher to have adequate time as well as resources in piloting and designing the means of collecting data. Determining sample size is a very important issue because samples that are too large may waste time, resources and money, while samples that are too small may lead to inaccurate results, advocate for a sample of 30% of the accessible population as being sufficient (Mugenda & Mugenda, 2003). The study therefore used a sample size of 30 respondents from a total senior management employees of 108. The sample selected was due to the availability of some employees especially those who were out of the country. The target population of the study is EABL. The study was therefore conducted through a case study.

<table>
<thead>
<tr>
<th>Divisions</th>
<th>Number</th>
<th>Percent</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>16</td>
<td>14.81</td>
<td>4</td>
</tr>
<tr>
<td>Age</td>
<td>32</td>
<td>29.62</td>
<td>9</td>
</tr>
<tr>
<td>Academic qualifications</td>
<td>60</td>
<td>55.56</td>
<td>17</td>
</tr>
<tr>
<td>Total</td>
<td>108</td>
<td>100</td>
<td>30</td>
</tr>
</tbody>
</table>

Source: EABL Staff Report (2014)
3.4 Data Collection Methods

Primary sources were used in this study to collect data. A closed questionnaire will be used as the primary data source because this was a descriptive research study and closed questionnaires offer the following advantages while conducting the study; closed questions make it easy to process answers, they enhance the comparability of answers thus making it easier to show the relationship between variables and to make comparisons, and they are easy for respondents to complete (Bryman and Bell, 2007).

The questionnaire was divided into appropriate sections with the first section covering bio-data of the respondents and the rest of the sections comprise of questions for each of the three research questions for the study. Preference to questionnaire was because, they are quick cheap and efficient way of obtaining data form respondents I would not have to be present when the questionnaire are completed compared to an interview thus saving on time. We shall use both open end and closed questions to collect data (Friedman & Rosenman, 1974).

Likert scale will be used in the study to show the collective responses from the various participants. It is a means of capturing variation points to the underlying phenomenon. Respondents specify their level of disagreement or agreement in a symmetric agree-disagree scale for a series of statements thus, capturing the intensity of their feelings for a given item (Wuensch, 2005).

3.5 Research Procedures

A pilot test was conducted to test the questionnaire for relevance to ensure that the questions were straightforward, understood by respondents and unambiguous. According to Cooper and Schindler (2006), a pilot test is conducted to detect any weaknesses in design and instrumentation and to proxy data for selection of a probability sample. This was also done for this study in which five questionnaires were handed out to five members of the population who were not part of the sample that had already been chosen for the study. The purpose of the pilot test was to enable the researcher check if the questions were phrased correctly and whether they were easy to understand.
After the pilot test, the questionnaire was amended appropriately with reference to shortcomings revealed by the pilot test and the final copy was made for dispatch to the respondents physically together with a cover letter detailing the purpose of the study and a guarantee of confidentiality attached.

3.6 Data Analysis Methods

Data analysis, also known as analysis of data or data analytics, is a process of inspecting, cleansing, transforming, and modelling data with the goal of discovering useful information, suggesting conclusions, and supporting decision-making. There are two types of analysis; qualitative and quantitative. According to Babbie (2004), quantitative analysis is the numerical representation and manipulation of observations for describing and explaining the phenomena that those observations reflect. To facilitate analysis of the data, each variable in the questionnaire will be assigned a numerical representation and the responses from each respondent will be coded using a defined coding scheme to facilitate in data analysis.

The data collected for this study will be analysed using descriptive statistics and inferential methods to provide simple summaries in form of tables and figures which formed the basis of the basis of the quantitative analysis of the data collected for the study. The data will be collected will be analysed using SPSS for windows which is the most widely used computer software for the analysis of quantitative data. Correlation Analysis is the method of statistic evaluation that is used to study the strength of a relationship between variables or research questions, Its main work is to check the possible connections between the research questions. Pearson’s product-movement coefficient is the measurement of correlation between +1 and -1, This indicates the strongest positive and strongest negative possible (Cohen, West & Aiken 2003).

3.6.1 Correlation Scale

We shall use SPSS do electronically store questionnaire data; generate routine descriptive statistical data for question responses such as frequency counts of closed questions; create graphical presentations of questionnaire data for reporting and presentations; and explore relationships between responses to different questions.
3.6.2 Regression Model

In statistics, regression analysis is a statistical process for estimating the relationships among variables. It includes many techniques for modelling and analysing several variables, when the focus is on the relationship between a dependent variable and one or more independent variables. In regression analysis it helps one understand how the typical value of the dependent variable changes when any one of the independent variables is varied, while the other independent variables are held fixed. In this study we look at the Regression Analysis between Board Diversity and EABL Performance with board diversity being the dependent variable.

3.7 Chapter Summary

This chapter covered the method of research design, the population and the sampling design, data collection methods, research procedures and data analysis methods. The research design adopted was descriptive indicating the dependent and independent variables. The sampling technique used is stratified random probability sampling. Questionnaires will be the tool used to collect primary data. Data will be analysed using descriptive statics which together with tables and figures formed the basis of the quantitative analysis of the data for the study. The next chapter presents the results and findings of the study.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This chapter gives the results and findings of the study. The results have been presented according to the research questions which were: how does age diversity on the board affect the performance of EABL, how does gender diversity on the board affect the performance of EABL, and how does academic diversity on the board affect the performance of EABL? The chapter ends with the chapter summary.

4.1.1 Response Rate

A total of 30 questionnaires were distributed to the respondents and of these, 16 were filled and returned. This represents a response rate of 53%. According to Mugenda and Mugenda (2003), a response rate of 50% and above is a good representative sample for data analysis.

Figure 4.1: Response Rate

| Unreturned Questionnaires | 47% |
| Returned Questionnaires    | 53% |

4.2 Demographic Information

4.2.1 Length of Time Worked at EABL

The results on table 4.2 indicate that majority of the respondents have been working at EABL from 3 to 8 years. These were 46% of the respondents. Categories of respondents who have been working at EABL from 1 to 2 years and 9 to 10 years were each 20% of the respondents. Categories of respondents who have been working at EABL for less than a year and for more than 10 years were each represented by 7% of the respondents.
4.2.2 Length of Time Held Current Position

According to the results on figure 4.3, majority of the respondents at 53% have been at their current position for 3 to 8 years. Respondents who have been at their current position for 1 to 2 years and 9 to 10 years were each represented by 20% of the respondents while respondents who have been at their current position for less than one year were represented by 7% of the respondents. It was noticed that a lot of the staff in EABL have worked there for very long.
4.2.3 Age Diversity
The results on figure 4.4 show that a majority of the respondents were between the ages of 50 and 59. This was represented by 34% of the respondents. This category was followed by respondents who were 60 years and above at 27% while 13% were between the ages of 40 to 49, 30 to 39 and less than 30 years. Most board members are older because of their work experience and general accumulation of information.

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>60+</td>
<td>27%</td>
</tr>
<tr>
<td>50-59 years</td>
<td>34%</td>
</tr>
<tr>
<td>40-49 years</td>
<td>13%</td>
</tr>
<tr>
<td>30-39 years</td>
<td>13%</td>
</tr>
<tr>
<td>Less than 30 years</td>
<td>13%</td>
</tr>
</tbody>
</table>

Figure 4.4: Age Diversity

4.3 Gender Diversity

4.3.1 Respondent Gender
The results on figure 4.5 show that 50% of the respondents were male while 50% of the respondents were female. This shows that there was an equal gender distribution of respondents.

Figure 4.5: Gender Diversity
4.3.2 Gender Diversity Familiarity

The results on figure 4.6 show that majority of the respondents at 81% were familiar with the concept gender diversity while 19% of the respondents were not familiar with the concept gender diversity.

![Figure 4.6: Gender Diversity Familiarity](image)

4.3.3 Gender Diversity Training

The results on figure 4.7 show that most respondents at 63% have received gender diversity training while 37% of the respondents have not received any gender diversity training. The company seems very gender diverse and usually makes a deliberate effort towards gender diversity.

![Figure 4.7: Gender Diversity Training](image)
4.3.4 EABL in Terms of Gender Diversity

According to the results on figure 4.8, majority of the respondents at 56% describe EABL as diversified in terms of gender diversity. 31% of the respondents describe EABL as fully diversified while 13% of the respondents describe EABL as planning to diversify.

![Figure 4.8: EABL in Terms of Gender Diversity](image)

4.3.5 Cross Tabulation between Gender and description of EABL in terms of gender diversity

According to the results on table 4.1, majority of the respondents, 5 of the 16 respondents, were female and describe EABL as diversified in terms of gender diversity. This category of respondents was followed by the category of male respondents who describe EABL as diversified. These were 4 of the 16 respondents. Male respondents who describe EABL as fully diversified were 3 of the 16 respondents while female respondents who describe EABL as fully diversified were 2 of the 16 respondents.

<table>
<thead>
<tr>
<th>How would you describe EABL in terms of gender diversity?</th>
<th>Planning to diverse</th>
<th>Diversified</th>
<th>Fully diversified</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>1</td>
<td>4</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td>Female</td>
<td>1</td>
<td>5</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>Total</td>
<td>2</td>
<td>9</td>
<td>5</td>
<td>16</td>
</tr>
</tbody>
</table>
4.3.6 Gender Diversification Strategy

The results on figure 4.9 show that majority of the respondents at 44% have a 50% and above gender diversification strategy. 37% of the respondents have a 30% gender diversification strategy and 19% of the respondents have a 10% gender diversification strategy.

![Figure 4.9: Gender Diversification Strategy](image)

4.3.7 Gender Diversification Strategy Application

According to the results on figure 4.10, majority of the respondents at 50% feel that EABL often applies the gender diversity strategy, 19% of the respondents feel that EABL always applies the gender diversity strategy, another 19% of the respondents feel that EABL rarely applies the gender diversity strategy, and 12% of the respondents feel that EABL very often applies the gender diversity strategy.

![Figure 4.10: Gender Diversification Strategy Application](image)
4.3.8 Gender Diversification Strategy Application

The results on table 4.2 show that, all respondents at 100% feel that EABL has a work experience form of diversification, 94% of the respondents feel that EABL has international work experience form of diversification, 94% of the respondents feel that EABL has disabilities form of diversification, 94% of the respondents feel that EABL has success rates in other establishments, while 88% of the respondent feel that EABL has race as a form of diversification.

Table 4.2: Forms of Diversification

<table>
<thead>
<tr>
<th></th>
<th>Yes (%)</th>
<th>No (%)</th>
<th>Not sure (%)</th>
<th>Total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Race</td>
<td>88%</td>
<td>6%</td>
<td>6%</td>
<td>100%</td>
</tr>
<tr>
<td>Work Experience</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>International Work Experience</td>
<td>94%</td>
<td>6%</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>Disabilities</td>
<td>94%</td>
<td>6%</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>Success Rates in other Establishments</td>
<td>94%</td>
<td>6%</td>
<td>0%</td>
<td>100%</td>
</tr>
</tbody>
</table>

4.3.9 Challenges Faced while Diversifying the Senior Management

The results on table 4.3 show that 31% of the respondents disagree that lack of time and willingness to diversify is a limiting factor towards challenges faced while diversifying the senior management. 31% of the respondents are moderate that lack of motivation to change longstanding pedagogical practices is a limiting factor towards challenges faced while diversifying the senior management. 38% of the respondents strongly disagree that shareholders demand is a limiting factor towards challenges faced while diversifying the senior management. 25% of the respondents agree that lack of accessibility to such qualified personnel is a limiting factor towards challenges faced while diversifying the senior management.
Table 4.3: Challenges Faced while Diversifying the Senior Management

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Moderate</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Total %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of time and willingness to diversify</td>
<td>13%</td>
<td>19%</td>
<td>18%</td>
<td>19%</td>
<td>31%</td>
<td>100%</td>
</tr>
<tr>
<td>Lack of qualified self-confidence in the board</td>
<td>0%</td>
<td>31%</td>
<td>19%</td>
<td>19%</td>
<td>31%</td>
<td>100%</td>
</tr>
<tr>
<td>Fear of embarrassment</td>
<td>0%</td>
<td>19%</td>
<td>31%</td>
<td>19%</td>
<td>31%</td>
<td>100%</td>
</tr>
<tr>
<td>Lack of motivation to change long-standing pedagogical practices</td>
<td>6%</td>
<td>25%</td>
<td>31%</td>
<td>19%</td>
<td>19%</td>
<td>100%</td>
</tr>
<tr>
<td>Lack of institutional support through leadership, planning, &amp; the involvement of senior managers in implementing</td>
<td>6%</td>
<td>19%</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
<td>100%</td>
</tr>
<tr>
<td>Shareholders demand</td>
<td>%</td>
<td>19%</td>
<td>30%</td>
<td>13%</td>
<td>38%</td>
<td>100%</td>
</tr>
<tr>
<td>EABL financial constraints</td>
<td>13%</td>
<td>19%</td>
<td>30%</td>
<td>19%</td>
<td>19%</td>
<td>100%</td>
</tr>
<tr>
<td>Lack of effective training on board management skills</td>
<td>6%</td>
<td>31%</td>
<td>25%</td>
<td>19%</td>
<td>19%</td>
<td>100%</td>
</tr>
<tr>
<td>Lack of accessibility to such qualified personnel</td>
<td>19%</td>
<td>25%</td>
<td>18%</td>
<td>19%</td>
<td>19%</td>
<td>100%</td>
</tr>
<tr>
<td>Negative attitude towards women</td>
<td>0%</td>
<td>25%</td>
<td>31%</td>
<td>19%</td>
<td>25%</td>
<td>100%</td>
</tr>
<tr>
<td>Negative attitude towards too young or too old</td>
<td>6%</td>
<td>19%</td>
<td>31%</td>
<td>19%</td>
<td>25%</td>
<td>100%</td>
</tr>
<tr>
<td>Lack of diversified culture all through the organization</td>
<td>13%</td>
<td>19%</td>
<td>24%</td>
<td>25%</td>
<td>19%</td>
<td>100%</td>
</tr>
<tr>
<td>No perceived firm performance benefits</td>
<td>13%</td>
<td>25%</td>
<td>24%</td>
<td>19%</td>
<td>19%</td>
<td>100%</td>
</tr>
</tbody>
</table>

4.3.10 Sources of Pressure for Board Diversification in EABL

As the results on figure 4.11 reveal, 83% of the respondents feel that stallholders are a source of pressure for board diversification in EABL. 17% of the respondents feel that staff is a source of pressure for board diversification in EABL.
4.4 Academic Diversity

4.4.1 Level of Education

According to the results on figure 4.12, majority of the respondents at 63% have a Master’s degree, 31% of the respondents have Bachelor’s degree, and 6% of the respondents have a PhD. Most board members had more than one degree in a different field from the one they practice in at EABL.

![Figure 4.12: Level of Education](image)

4.4.2 Respondents who still Practice their Profession

According to the results on figure 4.13, 93% of the respondents still practice under their profession while 7% of the respondents do not practice in their profession.
4.4.3 EABL Performance

According to the results on Table 4.4, 56% of the respondents strongly agree that EABL is performing to its optimal, 63% strongly agree that academic diversification & EABL performance are related, and 69% of the respondents strongly agree that having more members from different academic backgrounds equals better EABL performance.

Table 4.4: EABL Performance

<table>
<thead>
<tr>
<th></th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Moderate</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>EABL is performing to its optimal</td>
<td>56%</td>
<td>25%</td>
<td>7%</td>
<td>6%</td>
<td>6%</td>
<td>100%</td>
</tr>
<tr>
<td>Academic diversification &amp; EABL performance are related</td>
<td>63%</td>
<td>19%</td>
<td>6%</td>
<td>6%</td>
<td>6%</td>
<td>100%</td>
</tr>
<tr>
<td>Having more members from different academic backgrounds equals better EABL performance</td>
<td>69%</td>
<td>13%</td>
<td>%</td>
<td>12%</td>
<td>6%</td>
<td>100%</td>
</tr>
</tbody>
</table>

4.4.4 Benefits of Having a Diversified Board

The results on Table 4.5 indicate that 50% of the respondents strongly agree that increase in organizational performance is a benefit of having a diversified board, 56% of the respondents strongly agree that influencing the industry & competitors following suit is a benefit of having a diversified board, 50% of the respondents strongly agree that reducing discrimination in the work place is a benefit of having a diversified board, and 38% of the respondents strongly agree that a diversified board does not affect any factors.
Table 4.5: Benefits of Having a Diversified Board

<table>
<thead>
<tr>
<th></th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Moderate</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase organizational performance</td>
<td>50%</td>
<td>44%</td>
<td>%</td>
<td>6%</td>
<td>%</td>
<td>100%</td>
</tr>
<tr>
<td>Influence the industry &amp; competitors to follow suit</td>
<td>56%</td>
<td>38%</td>
<td>%</td>
<td>6%</td>
<td>%</td>
<td>100%</td>
</tr>
<tr>
<td>Reduce discrimination in the work place</td>
<td>50%</td>
<td>44%</td>
<td>%</td>
<td>6%</td>
<td>%</td>
<td>100%</td>
</tr>
<tr>
<td>Does not affect any factors</td>
<td>38%</td>
<td>37%</td>
<td>%</td>
<td>12%</td>
<td>13%</td>
<td>100%</td>
</tr>
</tbody>
</table>

4.4.5 Respondents who still Practice in their Profession

According to the results on figure 4.14, majority of the respondents’ favourite issue to tackle is growth and expansion. This was 64% of the respondents. 29% of the respondent’s favourite issue to tackle is development of staff, and 7% of the respondents’ favourite issue to tackle is accounts and financials.

Figure 4.14: Favorite EABL Issue to Tackle
4.4.6 Correlation between EABL Performance and Gender Diversity in the Board

The results on Table 4.6 show that the r for EABL performance is 0.512 indicating there is a strong positive linear correlation between EABL performance and benefits of having gender diversified board where correlation is significant at 0.05 level.

Table 4.6: Correlation between EABL Performance and Gender Diversity

<table>
<thead>
<tr>
<th>EABL Performance</th>
<th>Pearson Correlation</th>
<th>Benefits of Having a Gender Diversified Board</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sig. (2-tailed)</td>
<td>1</td>
<td>.512*</td>
</tr>
<tr>
<td>N</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>Benefits of Having a Gender Diversified Board</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.016</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>16</td>
<td>16</td>
</tr>
</tbody>
</table>

* Correlation is significant at the 0.05 level (2-tailed).

4.4.7 Correlation between EABL Performance and Age Diversity in their Board

The results on Table 4.7 show that the r for EABL performance is 0.507 indicating there is a strong positive linear correlation between EABL performance and benefits of having age diversified board where correlation is significant at 0.05 level.

Table 4.7: Correlation between EABL Performance and Age Diversity of Board

<table>
<thead>
<tr>
<th>EABL Performance</th>
<th>Pearson Correlation</th>
<th>Benefits of having an age diversified board</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sig. (2-tailed)</td>
<td>1</td>
<td>.507*</td>
</tr>
<tr>
<td>N</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>Benefits of Having an Age Diversified Board</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.016</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>16</td>
<td>16</td>
</tr>
</tbody>
</table>

* Correlation is significant at the 0.05 level (2-tailed).
4.4.8 Correlation between EABL Performance and Academic Qualification Diversity

The results on Table 4.8 show that the r for EABL performance is 0.637 indicating there is a strong positive linear correlation between EABL performance and benefits of having an academic qualification diversified board where correlation is significant at 0.05 level.

<table>
<thead>
<tr>
<th>Table 4.8: Correlation between EABL Performance and Academic Qualification</th>
</tr>
</thead>
<tbody>
<tr>
<td>EABL Performance</td>
</tr>
<tr>
<td>Benefits of Having Academic Qualification Diversified Board</td>
</tr>
</tbody>
</table>

*Correlation is significant at the 0.05 level (2-tailed).

4.4.9 Regression Analysis between Board Diversity and Performance of EABL

According to the results on table 4.7, board diversity accounts only for 4.4% of the variation in the performance of EABL. This study reveals that 95.6% of the variation in the performance of EABL is explained by other factors.

<table>
<thead>
<tr>
<th>Table 4.9: Regression Analysis Model Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>1</td>
</tr>
</tbody>
</table>

4.4.10 Coefficients on Board Diversity and Performance of EABL

According to the results on table 4.8, there is a statistical significance between board diversity and performance of EABL. The general form of the regression model that was used was:

\[ Y = \beta_0 + \beta_1X_1 + \epsilon \]
Where,

\[ Y = \text{Dependent Variable (EABL Performance)}; \beta_0 = \text{Constant}; \beta_{1x1} = \text{Independent Variable (Board Diversity)}; \text{and} \ e = \text{Error term} \]

The results on table 4.8 reveal that board diversity affects the performance of EABL with the following equation:

\[ Y = 3.277 - 1.401 (\text{Board Diversity}) + 1.749 \]

**Table 4.10: Coefficients Analysis between Board Diversity and EABL 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></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>3.277</td>
<td>1.904</td>
<td>1.721</td>
<td>.107</td>
</tr>
<tr>
<td>Board Diversity</td>
<td>-1.401</td>
<td>1.749</td>
<td>-.209</td>
<td>.437</td>
</tr>
</tbody>
</table>

a. Dependent Variable: EABL Performance

4.5 Chapter Summary

This chapter discussed results and findings of the data collected from EABL. The results of the data were presented in tables and figures according to the research questions which were: how does age diversity on the board affect performance of EABL, how does gender diversity on the board affect the performance of EABL, and how does academic diversity on the board affect performance of EABL? The next chapter discusses the findings, conclusions, and recommendations of the study.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

This chapter consists of four sections, namely; summary, discussion, conclusions and recommendations. The initial section provides a summary of the important elements of the study that includes purpose of the study, methodology, and the findings. The following subsequent section discusses the major findings of the study with regards to the research questions, while using the findings and results that are obtained in the fourth chapter. The last sub-section provides the recommendations.

5.2 Summary of Findings

The main purpose of the study was to investigate the influence of board diversity on performance at EABL. This study was guided by the following three questions: How does age diversity on the board affect performance of EABL?, How does gender diversity on the board affect performance of EABL?, How does academic diversity on the board affect performance of EABL?

Descriptive research design was used to carry out the study where the total population was 30top management staff. In order to determine the sample size, a probability sampling procedure was used to select the sample. This study engaged the use of structured questionnaires that were pilot tested in order to ensure relevance, data validity as well as reliability. Data analysis was done using Microsoft Excel in combination with SPSS to generate the descriptive statistics for instance the frequencies as well as the percentages. The results were then presented in form of tables, as well as figures. The findings regarding the demographics characteristics indicate that female staff were as many as the male staff in the respondent group in EABL. Most of them were satisfied with diversity in the company and strongly believed that success was related to having diverse hiring policies.

On findings for the gender diversification at EABL, there were as many female respondents as there were male. The company makes deliberate effort to allocate specific slots for women despite having qualified men in the job groups. It was also noted the
company invested heavily on diversity training since 80% were aware of the concept of gender diversity. EABL is a subsidiary of DIAGEO in London, this interprets that the company applies a lot of international standards including gender inclusivity at all levels. Regarding the second research question on age diversification, the findings indicated that majority of the board members were above 50 years of age. This was also attributed to the fact that being a board member isn’t a full-time responsibility. I.e. they do not have to cloak in, there are scheduled meetings in advance and a seating allowance instead of a salary is given. This usually means that most of them have other engagements elsewhere or have retired from active duty. Their decisions are informed by research done by the R&D divisions and their pre-existing knowledge of the industry as well.

Finally, on the third research question on academic qualification which shows that most people stick to their career line. Even when a company like EABL is selecting a board member, it chooses someone with the education background of a specific area. This helps to ensure that information is controlled and that the decisions are achieved quickly. In the case of EABL it was rare for the respondent to be in an area that he /she isn’t directly linked. However 7% had a different academic background than what they were currently practicing.

5.3 Discussion

This section interprets the results and the findings of the study in respect to the three research questions. The section also compared the literature review with the research findings.

5.3.1 The effect of gender diversity on performance at EABL

The study found that gender diversity at the board level affects the overall performance of the company. This shows that having more women at the top management jobs means that the decisions made affect the overall performance of the company. The study conforms to Chiu et al.”s findings that when a company has more gender diversity at the top level, it is a motivation by social inclusion leading to optimal performance of the company. vDiTella et al., (2001) found that companies who MDs were women performed better than their counter part companies. The study reaffirms their findings by showing that EABL is currently the leading performer in beverage sales in East and Central Africa.
The study also shows that we must consider to what extent gender a factor is, a company with too many women leaders is seen to be feminists and biased company that is against men’s effort in the work place. Frey & Stutzer’s (2010) research results suggest that not much is achieved by having affirmative action that is biased. Some scholars would like to dismiss that gender has no consequence when it comes to business decisions. I feel that this are mostly men wanting to maintain the status quo of the male patriarch. Most households are run effectively by women and they usually get zero resonation for it. Ingrid the PepsiCo CEO argues that either way the woman always looses through either loss of his family or her career. She adds that it is draining to try to excel at both. Women can only show with time that their decisions are good for the company in the long run. And the few who make mistakes are crucified and used as an example why women should stay at home permanently.

Some women who try to beat the odds are portrayed by the media as aggressive and lack maternal instincts e.g. Caroline Mutoko of Radio Africa is an outcast for not birthing her own child. This is however to the contrary, women who want to compete in the man’s world must work twice as had, meaning time for family is shortened. Because of the nature of being a woman, one must breast feed the child for three to six months meaning, her co-workers will have an opportunity to feel her shoes in her absence. Women are left to choose either their career or their families. Most women CEO are also known to immaculate their husbands e.g. the Tabitha of Keroche Industries is seen to hog the limelight while his husband remains anonymous. The study shows that that women are in positions of power, it was noted that there were as many women as men on the board as well as the top management levels.

It was also noted that this women had just as much experience and educational background as the men in EABL. The company seems to be very intentional in their hiring since; the people hired are well aware of the impending gender issues and aren’t bitter working in an organization with as many women. Because of their international affiliations, the staff is taken abroad for training which leads to a more open minded group regarding gender issues. The study also showed that many women were also enrolled in advancement of their academic studies in order to scope any future jobs, this means that they men have to pull their socks or the future generations will not have as many men in top positions as they are now.
5.3.2 The effect of age diversity on performance at EABL

The study found out that age is a critical factor in board selection. In companies, especially the floated companies where a lot of money is at stake as well as having many shareholders the young people are usually associated with haste and flakiness therefore not favorable to be given such a huge responsibility of running such a huge company as EABL. This is also in tandem with Kabir (2011) and Saeed et al., (2013) whose research indicated that younger people tend to be distracted easily and lack the patience to go through the cycles. Hytter (2008) reveals that the younger people in the board are ignored by the rest because of existing perceptions that they lack understanding of the critical issues.

The findings of this study also showed that age is a key determinant in selecting board members, although it is not mentioned in their board charter. It is evident from the study that most of them are beyond 50 years of age. Wright et al., (2002) points out that a company’s culture is necessary in determination of its performance. Age is a tricky issue since it doesn’t always come with wisdom. Our society especially the African setting assumes that the old men and women have seen more in their lifetime and therefore have the experience to handle any incoming challenges. They believe that it mostly has to do with the attitude of approaching the problem and the solution.

The study findings agree that a more diverse company performance better than one that isn’t diverse. The concept of diversification is highly associated as progressive and determines the direction the company will take. This is directly illustrated in the correlation analyses that the r for EABL performance is 0.592 indicating there is a strong positive linear correlation between EABL performance and benefits of having a diversified board where correlation is significant at 0.05 level. Danish et al, (2010) point out that it’s about creating the perception of fairness and lack of discrimination in the company that leads to a string motivator.

Most young tacks see this as redundant and retrogressive since nowadays there is too much turbulence and disruptions to be able to predict a trend of the issues at hand. Michael Porters (2009) argues that we should not study the trends of the -10 years because it’s a very fast world and for a company to survive it has to be on continuous alert and flexible mode to change when need arises.
General Electrical CEO is a one leader who beats this odd in that he is in his fifties but is still able to think young thoughts and thus keeping the company afloat and very successful. It is however important to watch out for too much spontaneity associated with youthfulness which may lead to uncalculated risky decisions. A combination of both young and old board members is the key to a successful company.

The study showed that it is also good to integrate and have old and young blood since they are regarded as tech savvy. This study showed that that isn’t always the case. The owner of face book is in his thirties but with a huge asset base and controlling an international company. The owner of Microsoft is old but is still the richest man in the world. So having both elements is critical in order to enrich the workforce. The study showed that ‘old is gold’. EABL cherishes its staff who have stayed with them longer. EABL pays pension to its employees and thus motivating staff to remain in the organisation for long. This also means that they value human resource as a valuable asset that contributes significantly to organisation performance.

5.3.3 The effect of academic qualification diversity on performance at EABL

Studies confirm that executives in EABL board and top management level cited strategic thinking skills, problem solving skills, leadership skills and an understanding of the latest management techniques as critical skills for board members (Medland, 2012). The study confirms that level of education does determine the level of expertise of an individual. According to most boards, they are usually at least graduate or doctorate holders. This also means that their worldview is a larger than those of ordinary people thus company is in safe hands.

Empirical studies focusing on the influence of the educational backgrounds of board members and the CEO on financial performance are still rare in the literature. This study is among the first to address such an issue in the context of a developing economy. It also confirms that board members must have good interpersonal skills to interact with other board members and company employees in a professional manner, especially when discussing sensitive or controversial topics (Slocum and Hellriegel, 2007). They must also have good negotiation skills. Board members must be able to ask tough questions, make recommendations and to disagree with others without alienating
themselves from other board members or being viewed as someone who is generally disagreeable (Tricker, 2009).

Academic diversity means the different members have different skills that thus have a well-rounded input when tackling a solution e.g. doctors will think differently from engineers and also from scholars thus giving a more dynamic view of the issues. This helps avoid group think because practitioners view the world differently than scholars and academicians. The top management also agree that there the stallholder motivate and pressure them to conform to the standards. If a company wants to survive in today’s competitive world, they must implement current trends and strategies to which includes diversity. Focusing on training and awareness creation is also part of it.

The study shows that a lot of people in Kenya do not do course diversification, the study noted that only 9% were not practising their education background courses. It is critical to note that companies should have an open mind when hiring by having diverse educational backgrounds even if the job calls for a specific line especially in the board level. Most boards focus mainly on having a legal and financial expert. In some instances there is need to have a social scientist who understands that there are human elements all along the production chain and their sentiments have to be represented.

From the study we are able to see that EABL hires very educated staff all through and through. It also shows that it’s critical for a company to create an environment that allows the staff to have go for part time studies. This can be through have flexible hours, paying them well and recognising their achievements. By having educated top management, the leaders are able to steer the company in the right direction since it’s their mundane job to set the company culture. In doing this, they foster professionalism, tardiness, deadlines and healthy work ethics that in turn contributes to the overall performance of the organisation.
5.4 Conclusion

5.4.1 Gender Diversity as a Factor Affecting Performance at EABL
The findings show that gender is a significant factor affecting performance at EABL. We see that internationally, any company intending to survive in the global arena must have intentional and deliberate gender inclusion. The top management is aware of the importance of having women on the board because they bring diversification of ideas which is critical in increasing performance.

5.4.2 Age Diversity as a Factor Affecting Performance at EABL
The EABL study has showed that majority of the board members are above 50 years of age. It has also been noted that there are a few members that are in their forties showing diversity in age and experience. It is critical to have young minds on the board because the generation with the purchasing power is getting younger and younger.

5.4.3 Academic Qualification as a Factor Affecting Performance at EABL
Academic qualification diversity is needed to generate a broader foundation on where we can bounce off ideas at the board level. It enables the board members to get a chance to increase their contingency plans in this very dynamic and highly volatile commercial environment. Diversity affects performance, in this regards companies should implement various forms of diversity to increase their overall performance. Similarly, it is seen like a lot of resources are used in creating awareness but in the end, it contributes to the overall performance of the companies. Consultancy firms should now leave change management and score card courses and focus on introducing diversity plans and strategies in companies.

5.5 Recommendations
The following are the recommendations for improvement based on the three research questions and recommendations for further studies.

5.5.1 Recommendations for Improvement
5.5.1.1 Gender Diversity of the Board and Performance of EABL
Although the company is aware and the MD is a woman, there were only three women in a board of twelve, however at the top management and committee level more women
were present 50/50 in number as that of men. With regard to gender diversity, the study revealed that the top management are well adjusted and aware of importance of females on that level. It is therefore necessary to conduct reviews frequently through benchmarking with similar institutions in the industry to remain competitive and relevant. A lot of training is still needed for sensitization of this issue of gender.

5.5.1.2 Age Diversity of the Board and Performance of EABL
Regarding age diversity of board members, the study confirms that age affects the performance of organization. It shows that an older generation is proffered at the top, with a few young people. This is very pertinent with a high confidence ratio meaning an older set of members are recruited, not forgetting their track record. The study highly recommends that companies in Kenya should pay more attention to all above mentioned in chapter four in order to remain relevant and competitive in the market while at the same time conform to the human resources best practice.

5.5.1.3 Academic Qualification of the Board and Performance of EABL
Academic qualification is also significant with a correlation of 0.637. This means that there is a minimum threshold of all candidates interested in the board or top management positions. Education is clear cut and can be used as a measure of performance directly. Lastly, the training budget should be increased to meet the training needs of the top management as a way of nurturing talent while at the same time developing them.

5.5.2 Recommendations for Further Studies
This study was conducted at a single private institution. It is recommended that further studies be conducted in public institutions and consider other factors to check whether to what extent diversity is an influence on performance. This study focused on top management only. It is also recommended that further studies be conducted focusing on how organization structure, culture and management styles may influence performance and diversity in Kenya.
REFERENCES


Kai Li (2013). "Women directors get better deals in mergers and acquisitions". UBC Sauder.


McGregor, J. (18 May 2016) "These are the 12 major companies that still don't have women on their boards". Business Journal Vol 23 Pg. 75-89.


APPENDICES 1: QUESTIONNAIRE

QUESTIONNAIRE FOR EABL BOARD MEMBERS AND SENIOR MANAGEMENT

PLEASE NOTE:

- There is no right or wrong answers
- Your response will be treated confidentially
- Results will be made available to you upon request

SECTION A: DEMOGRAPHICS

1. Age Diversity

[  ] Less than 30 years
[  ] 30 – 39 years
[  ] 40 – 49 years
[  ] 50 – 59 years
[  ] 60 +

2. Position

3. How long have you been working at EABL

[  ] Less than 1 year  [  ] 9 – 10 years
[  ] 1 – 2 years  [  ] More than 10 years
[  ] 3 – 8 years

4. Where else have you worked

5. How long have you held your current position?

[ ] Less than 1 year
[ ] 1 - 2 years
[ ] 3 - 8 years
[ ] 9 - 10 years
[ ] More than 1 year

SECTION B: GENDER DIVERSITY

6. Gender

[ ] Male
[ ] Female

7. Are you familiar with the concept gender diversity?

Yes [ ]
No [ ]

8. Have you received any gender diversity training?

a. If yes, indicate the training(s) received

b. If No, why?

9. How would you describe EABL in terms of gender diversity?

[ ] Not diverse
[ ] Diversified
[ ] Planning to diverse
[ ] Fully diversified

10. Which gender diversification strategy do you use in the company, if any?

a. None

[ ] Yes
[ ] No

b. 10%

[ ] Yes
[ ] No

c. 30%

[ ] Yes
[ ] No

d. Over 50%

[ ] Yes
[ ] No
11. How often do you apply the strategy?

[ ] Never  [ ] Rarely  [ ] Often  [ ] Very Often  [ ] Always

12. Do you offer other forms of diversification other than in the company? Please, tick yes, no or not sure in each row as appropriate? Do not skip any row please.

<table>
<thead>
<tr>
<th>Type of Service</th>
<th>Yes</th>
<th>No</th>
<th>Not Sure</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Race</td>
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<td>b. Work experience</td>
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<td>c. International Work experience</td>
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<td>d. Disabilities</td>
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<tr>
<td>e. Success rates in other establishments</td>
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<td>f. Others (Specify)</td>
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13. Please indicate by way of ticking in the right column, the extent, to which you agree with the given statements as limiting factors towards challenges faced while diversifying the senior management (Where 1 = Strongly Agree  2 = Agree  3 = Moderate  4 = Disagree  5 = Strongly Disagree)

<table>
<thead>
<tr>
<th>Limiting factor</th>
<th>1</th>
<th>2</th>
<th>3</th>
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<th>5</th>
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<tbody>
<tr>
<td>a. Lack of time and willingness to diversify</td>
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<td>b. Lack of qualified self-confidence in the board</td>
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<td>c. Fear of embarrassment other companies</td>
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<td>d. Lack of motivation to change long-standing pedagogical practices</td>
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<td>e. Lack of institutional support through leadership, planning and the involvement of senior managers in implementing</td>
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<td>f. Shareholders demand</td>
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<td>g. EABL financial constraints</td>
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<td>h. Lack of effective training on board management skills</td>
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<td>i. Lack of accessibility to such qualified personnel</td>
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<td>m. Negative attitude towards women</td>
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<td>n. Negative attitude towards too young or too old</td>
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<td>o. Lack of diversified culture all through the organization</td>
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<td>p. No perceived firm performance benefits</td>
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</table>
14. What are the sources of pressure for board diversification in EABL?
   a. Stallholders
   b. Staff
   c. Other corporates
   d. Other (Specify)

SECTION C: ACADEMIC QUALIFICATION DIVERSITY

15. What is your level of education?
   [ ] Certificate
   [ ] Master’s degree
   [ ] Diploma
   [ ] PhD
   [ ] Bachelor’s degree

16. What is your professional background

17. Do you still practice
   [ ] Yes
   [ ] No