PERCEIVED BENEFITS OF WORKFORCE DIVERSITY POLICIES AND PRACTICES: A CASE KIUDY OF HILTON HOTEL, NAIROBI

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DECLARATION

This Management research Project is my original work and has not been presented for a degree or any other award in any other University

Ndaire Elizabeth

This management project has been submitted for examination with my approval as university supervisor

Sign Date

Prof. Peter K'Obonyo

DEDICATION

This research project is dedicated to entire family of Hilton Hotel; you destined for great things

ACKNOWLEDGEMENT

humbly acknowledge the great insights provided by my supervisor: Prof. Peter L'Obonyo who ensured that all my ideas tie together to produce this project report. I also cknowledge the encouragement received from my colleagues at Hilton Hotel.

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ABSTRACT

The Hospitality Industry business is prone to a number of events. For example, a simple advisory note issued by one of the countries can have a devastating impact on profit in this industry. Very few studies have been done in developing countries to determine the benefits workforce diversity brings to the organisation. Therefore, it was important to conduct a study to find out what benefits accrue to organisations in particular Hilton that implement a workplace Diversity policy.

The objective of the study was to establish the perceived benefits by the Hilton Hotel expects from implementing Diversity Policies. The population of interest consisted of forty employees in senior and middle level management at Hilton Hotel, Nairobi. The data was collected using both structured and unstructured questionnaires. The response rate was 65%. The data was analysed using descriptive statistics. The findings of this study established that implementation of diversity strategies at Hilton Hotel Nairobi has led to: improved revenues; increased productivity; improved job satisfaction; reduced lawsuits; increased market opportunities and respect for individual differences. The results showed that at least 80% of the senior management embrace diversity as individuals can attest to the benefits of diversity and are actually involved in the policy implementation process. They view diversity as an essential business concern.

The results of the study indicate that, diverse work teams have brought high value to Hilton Hotel and respect to individual differences. 83.3% of the respondents agreed that diversity has resulted in respect for individual differences and cultural identity for the organization. The findings further established that having a diverse workforce and managing it properly is perceived as a competitive strategy that can not only help attract diverse customers but also employees who have different perspectives that can contribute to the creativity of the organization. The findings have shown that an important reason for Hilton Hotel management implementing diversity initiatives is to improve its corporate productivity and profitability.

According to the researcher it can be noted that no single initiative is comprehensive enough to solve all diversity issues or to successfully manage diversity in organizations; however, diversity training is one of the primary and most widely used initiatives to address diversity issues. The information collected also revealed that diversity issues will continue because the population will become even more diverse and more companies will become global. As diversity is becoming more and more complex, diversity training will continue to be an essential element of the overall diversity strategy.

The researcher finally recommends that, the future scholars need to consider carrying out studies on other sectors and incorporate additional endogenous variables as motivation, conflict-management, performance of employees and career advancement since this research concentrated only on Hilton Hotel on perceived benefits of workforce diversity policies and practices.

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CHAPTER ONE

INTRODUCTION

1.1 Background

Diversity Management within companies is associated with policies designed to recruit, retain, and develop employees from socially disadvantaged or under - represented groups. These policies are intended to stimulate changes in the mix of people employed in some cases, and, in other instances, changes in the type of people employed in specific managerial or technical positions. In all cases, such policies go beyond compliance with national anti-discrimination legislation. But a "diverse workplace" is difficult to define in practice. There is, as yet, no widely accepted way of distinguishing between workplaces that are 'diverse', and those that are not.

The above difficulties result from two important factors. Firstly, a diverse workplace is an outcome of major changes in the internal culture of a company. Long-term changes in workforce mix and in the effectiveness of all employees will only emerge if a new employment culture is created. The second problem is more practical. Not all companies set out to achieve the same goals in their diversity policies. Whilst some focus on using diversity to achieve short-term business benefits, others are more concerned with the need to avoid regulatory pressures. There are also companies that invest in diversity policies as a way of strengthening long-term "value drivers" - the key sources of competitive advantage and hence performance (Centre for Strategy & Evaluation Services February 2003).

1.1.1 Diversity

While race, ethnicity and gender are the most recognised forms of diversity, there are other types with important implications for HR systems (Thomas, 2000). Diversity is not only derived from differences in ethnicity and gender, but is also based on differences in function, nationality, language, ability, religion, lifestyle, or tenure. It may take the form of disability, family structure, ethnic culture, sexual orientation, socio-economic

background, level of education or age, among others. Each of these potentially overlapping identity group memberships can affect an employee's attitudes and behaviours in the workplace, as well as influence his or her ability to work well with other organisational members (Kossek and Lobel, 1998).

The need for organisations and those who manage or study them to incorporate diversity considerations into staffing decision-making has never been greater. This is because of the changing nature of the labour market, jobs-laws and regulations and increased globalisation. Organisations must consider diversity issues in making staffing and other human resource decisions in order to be competitive in the changing business environment (Cox and Blake, 1991).

Much attention has been paid to the strategic dimension of diversity policies, systems and processes (Cox, 2001), but much less thought has been given to the norms and values. Appropriate reflection on diversity becomes a fundamental task necessary to create a truly inclusive work environment where people from diverse backgrounds feel respected and recognised. Tom Peters (1993) has suggested that organisations need to review the selection requirements and, instead of checking to ensure that every minute of everyday is accounted for when appointing applicants, they should consider applicants who have "broken out" from the mould, rebelled from the system and thus demonstrated original thought. Peters (1993) regards such personal qualities as key attributes for leading-edge organisations.

Companies adopt workforce policies for a number of reasons. The most important of these are ethical; regulatory; and, economic. In a number of cases companies adopt diversity policies for more than one of these reasons. This project focuses solely on the economic reasons for adopting workforce diversity policies, because it is principally concerned with understanding the costs and benefits that make up the business case. Notwithstanding this, it is important to remember that companies may reach the decision to become 'diverse' because of a complex interplay of factors, of which economics is only one (Briscoe & Schuler 2004).

In economic terms, companies invest in diversity policies as a result of a qualitative or quantitative judgement that benefits will, over time, exceed costs and risks. In general, companies examine such investments in response to the emergence of new business opportunities or because of the impact of internal or external pressures on business performance. Investments in diversity policies represent decisions by companies to create business opportunities or strengthen overall competitiveness by building up human or organisational capital (Alan Soon, 2000). They are, therefore, decisions to invest in intangible assets; one of the most important sources of competitiveness for companies in the modern, knowledge-based economy.

Companies also undertake investments in diversity because of major changes in the needs of customers and the activities of competitors; the availability, quality, and values of current and future employees; the views of investors as to what drives acceptable investment returns; the impact of public policy through regulation, legislation, and political pressure; and, the expectations of citizens as to how companies should behave when carrying out their commercial activities. These factors interact, and, taken together, represent powerful incentives for major, internal changes in the Human Resource (HR) policies of companies (Alan Soon 2000).

1.1.2 The Hospitality Industry

An emerging trend among hospitality companies, especially hotels, is the increased effort to promote diversity. Hospitality companies are setting themselves apart with their strong commitment to diversity among employees and suppliers. The Washington Post reported earlier this year of the Marriott's pledge to do \$1 billion in business with women and minority-owned suppliers and double the number of such suppliers over the next five years. Marriott spokesperson Stephanie Hampton told the Post that 270 of Marriott's franchises are "operated or are under development by women and minorities." The Post also reported that the NAACP gave Marriott the highest diversity rating in its annual report on diversity efforts in the lodging industry. The NAACP looks at diversity practices in employment, advertising, supply chain management, and philanthropy.

Implementing a diversity policy is also good for investor relations, as ethical investment becomes more popular. If it is handled well, diversity means a hotel is better able to succeed with its diverse range of customers, suppliers, strategic partners, etc, by connecting with their mindsets, beliefs, values, and ways of doing things. It is also much more likely to generate the best innovations and solutions by having different perspectives and experiences enrich one another (Hiway: 2005).

Hospitality companies are taking the issue of diversity seriously. Companies are establishing dedicated roles to ensure that they are meeting their diversity goals. Intercontinental Hotels, for example, employs a "Diversity and Inclusion Supply Chain Manager" who educates internal business units about diversity and works with them to implement the company's diversity policies. (Clark 2003)

The Industry acknowledges diversity conscious practitioners. According to the Washington Post, February 11, Marriott International, Inc. announced today that its chairman and CEO, J.W. "Bill" Marriott, Jr., has received the 2002 Lifetime Achievement Award from the Hospitality Industry Diversity Institute (HIDI) for his exemplary commitment to recognising and including women, minorities and people with disabilities in the hospitality industry. Drs. Faye Hall Jackson and Agnes DeFranco, co-directors of the Hospitality Industry Diversity Institute at the University of Houston's Conrad N. Hilton College of Hotel and Restaurant Management, presented the award to Mr. Marriott during the company's worldwide conference for general managers. (Washington Post, February 11, 2006)

Also in 2002, 'Providence, **R.I.~(Business** Wire)-June 3, 2002-The Multicultural Foodservice & Hospitality Alliance (MFHA) honoured leading organisations and individuals in the area of diversity at its third national conference to be held August 11-13 in San Diego. A highlight of Conference 2002, Diversity Economics: Turning

Difference Into Dollars will be the presentation of this year's national awards. The awards were created to recognise the outstanding achievements of the visionary leaders in the foodservice and hospitality industry. The awards are The Ernest Royal Pioneer Award, The MFHA Corporate Champion Award and The SEED (Strategic Examples of Excellence in Diversity) Award' (Washington Post, February 11,2006)

Hospitality Industry in Kenya

According to the African Guide website, the Hospitality Industry in Kenya has the following as its main players, Sarova Group, Serena Hotels, Intercontinental Hotels, Hilton Hotels, Grand Regency, Norfolk, Nairobi Safari Club, among others. Nairobi Serena is located along Kenyatta Avenue/Nyerere Road, Overlooking the city centre. Accommodation consists of 183 Air-conditioned rooms, including 7 suites and 1 state suite. It is the natural choice of corporate executives . Facilities include Mandari restaurant offering sophisticated international cuisine & cafe Maghreb. Swimming pool, Health Club, Conference facilities.

Set in park surroundings, the Hotel Inter-Continental Nairobi is within minutes from the Kenyatta Conference Centre and other major city centre offices and businesses. Hilton Hotel is located along Mama Ngina/Kimathi streets, City centre, Accommodation: 302 soundproof luxury rooms including executive and presidential suite. Facilities include Swimming pool, Health club, sauna steam bathe etc. 3 restaurants and a Pub. This property was opened in November 1969. Hilton's most serious competitors are discussed below.

The Laico Regency is an ultra modern 300-room hotel. The Hotel is ideal for business and casual travellers alike. Shops and business centres, theatres, nightclubs and other attractions are all within easy walking distance. The Laico Regency offers the only heated, covered all-weather swimming pool in the region. The Norfolk is part of Kenya's history. Built in the early 1900s, it has kept pace with the times and offers quiet, elegant, comfort and cuisine of the highest standards. 5 minutes from city centre. Comprises of 85 twin and 20 double-bedded luxurious bedrooms as well as 18 suites and 6 garden facing cottages offering a total of 266 beds all with private bathrooms with shower, minibar, television & Radio and direct dialling telephones, Restaurants & Bars, Heated Swimming pool. Health Club equipped with gym saunas, steam rooms, Aerobics & massage facilities. Conference facilities with a capacity for up to 255 people. Nairobi Safari Club is located on Koinange street and University way, at the City centre. Accommodation: The hotel offers al the amenities of a five star luxury hotel, featuring suites with two rooms, bedroom and lounge, remote control 2V colour televisions with satellite channels, personal bar, three telephones with direct dial and voice messaging and a personal digital safe. This is Nairobi's only all-suite Hotel with 146 finely appointed suites and 4 penthouses.

From the background, the Intercontinental and Hilton Hotels have already had their diversity policies planned out, accessible to interested parties and are in the process of implementation. For example, Intercontinental Group of Hotel's commitment to diversity and inclusion is evident in the following statement: 'The communities we serve, and we further this commitment through adherence to our organisational values - trust, integrity, respect, service and our determination to function as one team. These values define how we approach all that we do. Our customers come from all sectors of the community and in order to help our understanding of and response to their requirements, we seek to reflect this diversity within our workforce'. (IHG Newsletter 2004)

It is Intercontinental Group of Hotels' policy that there shall be no discrimination in respect of gender, marital status, pregnancy, sexual orientation, colour, religion, race, nationality, ethnic origins, disability, hours worked or age, and that equal opportunity should be given to all employees, treated with respect at work; and it is the Group's policy that harassment and victimisation will not be permitted or condoned. We also understand that every customer has different needs and we aim to make our hotel facilities available and accessible to all or our guests equally. In rare instances where this is not possible we will endeavour to offer a suitable alternative. In 2005, Intercontinental Group of Hotels also took a very positive step in furthering the critical work of leading,

developing and implementing the diversity and inclusions strategies by employing a new Senior Vice President of Diversity for the Americas, Roslyn Dickerson. (IHG Newsletter 2004)

Stephen F. Bollenbach (2006), President and CEO of Hilton Hotels Corporation says 'Our Diversity Initiatives at Hilton Hotels Corporation are designed to produce quantifiable and qualitative results which go beyond just establishing and maintaining a diverse workforce. The hotel has incorporated diversity principles into all aspects of its business operations: employment, training and mentoring, purchasing, franchising/hotel ownership, advertising, marketing, community support, and management performance measurements'.

While successful diversity programming can result in the firm receiving awards, plaques and trophies (which look nice on our walls), at Hilton the concern is with much more than an accumulation of hardware. The Hotel's achievements in diversity programming, and the priority we place on it, go to the very heart, soul and spirit of the organisation and touches on who we are, and what we stand for. The Hotel welcomes and appreciates acknowledgements of its diversity accomplishments; and finds room for more plaques and trophies recognising its good work. But far beyond the pride that goes with such recognition is the Hotel's commitment to the belief that its Diversity Initiatives enhance its competitiveness and strengthen the business value of its corporation; for those reasons, Hilton takes pride in the fact that, at Hilton Hotels Corporation... **Diversity Works '''** (Bollenbach, 2006)

Further, the Hilton Family of hotels appreciates the unique perspective and talent that each and every individual brings to the organisation. The diversity at Hilton reflects and values the contributions of all team members. The Hotel Management takes a special pride in the diversity of their workforce. In fact, over half of the Hilton Family of hotels workforce are minorities and women. Close to half of the management positions are filled by minorities and women as well. And as an international hospitality leader, Hilton provides proprietary diversity training programs at all levels of hotel operations - from introduction of diversity at orientation to line level team members to general management-specific training. Hilton also focuses on identifying top performers in the field and nurturing internal line level talent within the organisation. The Hilton Family of hotels has a history of supporting various causes and community-based organisations. The corporate Diversity programs include charitable and in-kind giving to minority and women groups, as well as disabled, elderly and other communities in need (Hiltonworldwide 2006),

In recent months and years, the term 'Diversity' has become more and more commonplace in people and business' vocabulary at the Hotel. Embracing a Diverse and all-inclusive environment is incredibly important for any company operating in the modern world, including Hilton (Alan Soon 2000). However, although it is known that Diversity is important, it can be a confusing and ambiguous topic leading to questions such as - what does embracing Diversity actually mean? How does it affect people's every day working and personal life? What impact can it have on the business? 'Diversity, in the Hilton Hotel context, refers to those human differences that make each one of us who we are. What you *say* about people who are different from you often says more about *you* than them' (Hilton Online: 2005)

1.2 Statement of the problem

As has been established in the introduction, Companies seek two principal types of economic benefits from investments in workforce diversity policies. Firstly, such investments create economic benefits for companies by strengthening long-term "value-drivers" i.e. the tangible and intangible assets that allow companies to be competitive, to generate stable cash flows, and to satisfy their shareholders. These include building a differentiated reputation with key stakeholders such as customers, and improving the quality of human capital within the company.

Secondly, generating short and medium-term opportunities to improve cash flow such as reducing costs, resolving labour shortages, opening up new markets, and improving performance in existing markets. Specific examples of this type of benefit include avoidance of litigation and legal costs; reduced labour turnover; lower absenteeism; access to non-traditional labour pools; better retention of existing staff; access to the purchasing power of socially disadvantaged groups; higher productivity; and greater customer satisfaction and loyalty.

Some previous local studies on diversity issues include Mutuku (2003) who looked at "Managers' attitudes and response to workforce diversity in the telecommunications sector in Nairobi, Kenya". She noted that the majority of managers have an understanding about diversity in the workplace, and are aware of its benefits, such as diverse ideas, teamwork, improved productivity, motivation and creativity, as well as reduced staff turnover. However, she also noted that no strong measures have been taken by the companies to manage their diverse workforce. Njau (2001) studied "Human Resource Managers' attitudes toward affirmative action directed at employment of women ". The findings of the study indicated that generally, human resource managers are aware of what affirmative action entails and have a positive attitude towards it. This is an eye opener especially since in the past, the private sector has been much less welcoming to women workers than the public sector (Wariara, 1989). She also noted that Affirmative Action in the work place, though not a panacea to acknowledged gender disparities would be a powerful signal to organisations that it is wrong to discriminate.

Very few studies have been done in developing countries to determine the benefits diversity brings to the organisation. Therefore, it is important to conduct a study to find out what benefits accrue to organisations that implement Diversity. The Hospitality Industry business is prone to a number of events. For example, a simple advisory note issued by one of the countries can have a devastating impact on profit in this industry. However, there are a number of Hotels who embrace diversity despite the fact that this comes with a cost. Hilton Hotels Corporation and Intercontinental Group of Hotels internationally do embrace diversity as stated in the background. However, Hilton Nairobi has from late 2005 vigorously attempted to implement diversity policies that were formulated at their head office in London. They have been doing this through vigorous training. Kenya currently is a very conservative country and most issues that are

embraced by diversity are still not accepted in this society e.g. sexual orientation, age and disability among others. These three do come with a cost. Employing the disabled, for example, requires costly adjustments to the organisation. In a country like Kenya where labour is very much available will have HR Managers opting for the healthy person who will be an easier fit.

Given these cost implications, the researcher will undertake to identify what are the potential benefits that Hilton Nairobi intends to achieve? Could it be just the prestige of being one of the organisations that embrace workforce diversity?

13 Research Objectives

The objective of the study is to establish the perceived benefits by the Hilton Hotel expects from implementing Diversity Policies.

1.4 Importance of the Study

Methods and indicators proposed by the study may form the basis of further practical work to measure the impact of diversity policies on companies and to disseminate the results to opinion-formers and decision-makers. Such indicators form a critical part of the "business case" for diversity policies in the workforce. And a credible understanding of this is important for the encouragement of Corporate Social Responsibility and to promote non-discrimination on grounds of race, disability, religion, belief, age, or sexual orientation (if applicable in this setting).

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The world's increasing globalisation requires more interactions among people from diverse cultures, beliefs, and backgrounds than ever before. People no longer live and work in an insular marketplace; they are now part of a worldwide economy with competition coming from nearly every continent. For this reason, profit and non-profit organisations need diversity to become more creative and open to change. Maximising and capitalising on workplace diversity has become an important issue for management today. Supervisors and front-line managers could benefit from diversity. Since managing diversity remains a significant organisational challenge, managers must learn the managerial skills needed in a multicultural work environment. Supervisors and managers must be prepared to teach themselves and others within their organisations to value multicultural differences in both associates and customers so that everyone is treated with dignity.

2.1.1 Diversity Defined

Diversity is generally defined as acknowledging, understanding, accepting, valuing, and celebrating differences among people with respect to age, class, ethnicity, gender, physical and mental ability, race, sexual orientation, spiritual practice, and public assistance status (Esty, et al., 1995).

Diversity issues are now considered important and are projected to become even more important in the future due to increasing differences in the U.S. population. Companies need to focus on diversity and look for ways to become totally inclusive organizations because diversity has the potential of yielding greater productivity and competitive advantages (SHRM, 1995). Stephen G. Butler, co-chair of the Business-Higher Education Forum, believes that diversity is an invaluable competitive asset that America cannot

afford to ignore (Robinson, 2002). Managing and valuing diversity is a key component of effective people management, which can improve workplace productivity (Black Enterprise, 2001).

Demographic changes (women in the workplace, organizational restructuring, and equal opportunity legislation) will require organizations to review their management practices and develop new and creative approaches to managing people. Changes will increase work performance and customer service.

Women in the Workplace

The need to understand diversity is also driven by women in the workplace. Today's workforce has the highest levels of employment participation ever by women. The number of dual income families and single working mothers has increased. Change in the family structure means that there are fewer men and women in traditional family roles (Zweigenhaft and Domhoff, 1998). Therefore, diversity issues cut across both race and gender.

Organisational Restructuring

There have been significant changes to organisations as a result of downsizing and outsourcing, which has greatly affected human resource management. Work practices have changed due to the impact of globalisation and technology and there is a trend toward longer working hours (Losyk, 1996). Generally speaking, reorganisations usually result in fewer people doing more.

Legislation

Federal and State equal opportunity legislation make discrimination in workplaces illegal. These laws specify the rights and responsibilities of both associates and employers in the workplace and hold both groups accountable.

2.1.2 Workforce Diversity

According to (McInnes, 2003) diversity has become an essential business concern. In the so-called information age, the greatest assets of most companies are now on two feet (or a set of wheels). Undeniably, there is a talent war raging. No Company can afford to unnecessarily restrict its ability to attract and retain the very best employees available.

Generally speaking, the term "Workforce Diversity" refers to policies and practices that seek to include people within a workforce who are considered to be, in some way, different from those in the prevailing constituency (McInnes, 2003). In this context, here is a quick overview of seven predominant factors that motivate companies, large and small, to diversify their workforces: social responsibility, economic payback, resource imperative, legal requirement, marketing strategy, business communication strategy and capacity building strategy.

As a social responsibility, because many of the beneficiaries of good diversity practices are from groups of people that are "disadvantaged" in our communities, there is certainly good reason to consider workforce diversity as an exercise in good corporate responsibility. By diversifying our workforces, we can give individuals the "break" they need to earn a living and achieve their dreams. As Economic Payback, many groups of people who have been excluded from workplaces are consequently reliant on taxsupported social service programs. Diversifying the workforce, particularly through initiatives like welfare-to-work, can effectively turn tax users into taxpayers. As a resource imperative, the changing demographics in the workforce, that were heralded a decade ago, are now upon us. Today's labor pool is dramatically different than in the past. No longer dominated by a homogenous group of white males, available talent is now overwhelmingly represented by people from a vast array of backgrounds and life experiences. Competitive companies cannot allow discriminatory preferences and practices to impede them from attracting the best available talent within that pool.

Legally, many companies are under legislative mandates to be non-discriminatory in their employment practices. Non-compliance with Equal Employment Opportunity or Affirmative Action legislation can result in fines and/or loss of contracts with government agencies. In the context of such legislation, it makes good business sense to utilize a diverse workforce. As marketing strategy, buying power, particularly in today's global economy, is represented by people from all walks of life (ethnicities, races, ages, abilities, genders, sexual orientations, etc.) To ensure that their products and services are designed to appeal to this diverse customer base, "smart" companies, are hiring people, from those walks of life - for their specialized insights and knowledge. Similarly,

companies who interact directly with the public are finding increasingly important to have the makeup of their workforces reflect the makeup of their customer base. As a communication strategy, all companies are seeing a growing diversity in the workforces around them - their vendors, partners and customers. Companies that choose to retain homogenous workforces will likely find themselves increasingly ineffective in their external interactions and communications and finally, as a capacity building strategy, tumultuous change is the norm in the business climate of the 21st century. Companies that prosper have the capacity to effectively solve problems, rapidly adapt to new situations, readily identify new opportunities and quickly capitalize on them. This capacity can be measured by the range of talent, experience, knowledge, insight, and imagination available in their workforces. In recruiting employees, successful companies recognize conformity to the status quo as a distinct disadvantage. In addition to their job-specific abilities, employees are increasingly valued for the unique qualities and perspectives that they can also bring to the table. According to Dr. Santiago Rodriguez, Director of Diversity for Microsoft, true diversity is exemplified by companies that "hire people who are different - knowing and valuing that they will change the way you do business."

For whichever of these reasons that motivates them, it is clear that companies that diversify their workforces will have a distinct competitive advantage over those that don't. Further, it is clear that the greatest benefits of workforce diversity will be experienced, not by the companies that that have learned to employ people *in spite of* their differences, but by the companies that have learned to employ people *because of* them.

2.2 Benefits of Diversity in the Workplace

Diversity is beneficial to both associates and employers. Although associates are interdependent in the workplace, respecting individual differences can increase productivity. Diversity in the workplace can reduce lawsuits and increase marketing opportunities, recruitment, creativity, and business image (Esty, et al., 1995). In an era when flexibility and creativity are keys to competitiveness, diversity is critical for an

organisation's success. Also, the consequences (loss of time and money) should not be overlooked.

Improvements in human capital lead to greater capacity to make high quality decisions, to manage complexity, to meet the needs of customers, and to innovate. Leading companies accept that there are no simple "cause and effect" relationships between strengthening these factors, improving competitiveness, and creating value. However, they recognise that taken together, these factors have a powerful indirect impact on their competitiveness over the long-term.

Because of their nature, many of these benefits are more straightforward to measure, and a link to investments in diversity can, in certain circumstances, be identified. However, most of these benefits are "context-specific" i.e. they are particular to the strategy and market position of specific companies. This limits the relevance of these benefits to companies in similar situations. In overall terms, no single company is likely to gain all of these benefits. There is no "one size fits all" diversity strategy. Despite the importance of intangible assets to large numbers of companies, factors such as size, strategy, sector, and market position will determine the diversity strategy pursued by each company. As strategies will differ, so will the projected benefits.

Another important issue is the difficulty of linking together business benefits and investments in diversity. Even for short and medium-term improvements in cash flows, it is likely that diversity policies are only one of a number of factors that have contributed to improvements in operating performance. Higher productivity as a result of better staff motivation may, for example, be the result of changes in work organisation as well as the establishment of workforce diversity policies. (Centre for Strategy & Evaluation Services February 2003)

23 Challenges and costs of Diversity in the Workplace

There are challenges to managing a diverse work population. Managing diversity is more than simply acknowledging differences in people. It involves recognising the value of differences, combating discrimination, and promoting inclusiveness. Managers may also be challenged with losses in personnel and work productivity due to prejudice and discrimination and complaints and legal actions against the organisation (Devoe, 1999).

Negative attitudes and behaviors can be barriers to organizational diversity because they can harm working relationships and damage morale and work productivity (Esty, et al., 1995). Negative attitudes and behaviors in the workplace include prejudice, stereotyping, and discrimination, which should never be used by management for hiring, retention, and termination practices (could lead to costly litigation).

As well as the costs of legal compliance, companies face three types of additional cost when they invest in workforce diversity policies. These are cash costs; opportunity costs; and, increased business risks. The costs of compliance with anti-discrimination legislation include creation and maintenance of new HR record-keeping systems; training of HR staff and employees involved in recruitment and employee development; and, establishment and communication of new HR policies, covering areas such as harassment, recruitment, and training. However, the scale and nature of existing, internal human resource processes, and existing legislative requirements will influence the extent of these costs for any specific business.

Companies face a range of different cash costs when they invest in workforce diversity policies. Though some are "one-off' and short-term in nature, most are long-term, recurring expenses. The main cash costs associated with workforce diversity policies are: specialist staff; education and training; facilities and support; working conditions and benefits; communication; employment policies; and, monitoring and reporting processes. On top of these costs, there are also non-cash (opportunity) costs. The most important of these are the diversions of management time and productivity reductions. Although such costs are non-cash, they are still of considerable importance, especially in small and medium-sized enterprises (SMEs).

Finally, investments in workforce diversity policies can create additional business risks.

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Policies to change business cultures face major complex obstacles to change. As a result, many culture change programmes fail, or have a more limited impact than planned. This "execution risk" is powerful negative influence on decisions to invest in diversity policies.

2.4 Required Tools for Managing Diversity

Effective managers are aware that certain skills are necessary for creating a successful, diverse workforce. First, managers must understand discrimination and its consequences. Second, managers must recognise their own cultural biases and prejudices (Koonce, 2001). Diversity is not about differences among groups, but rather about differences among individuals. Each individual is unique and does not represent or speak for a particular group. Finally, managers must be willing to change the organisation if necessary (Koonce, 2001). Organisations need to learn how to manage diversity in the workplace to be successful in the future (Flagg, 2002).

Unfortunately, there is no single recipe for success. It mainly depends on the manager's ability to understand what is best for the organization based on teamwork and the dynamics of the workplace. According to Roosevelt (2001), managing diversity is a comprehensive process for creating a work environment that includes everyone. When creating a successful diverse workforce, an effective manager should focus on personal awareness. Both managers and associates need to be aware of their personal biases. Therefore, organizations need to develop, implement, and maintain ongoing training because a one-day session of training will not change people's behaviors (Koonce, 2001). Managers must also understand that fairness is not necessarily equality. There are always exceptions to the rule.

Managing diversity is about more than equal employment opportunity and affirmative action (Losyk, 1996). Managers should expect change to be slow, while at the same time encouraging change (Koonce, 2001).

Another vital requirement when dealing with diversity is promoting a "safe" place for associates to communicate (Koonce, 2001). Social gatherings and business meetings,

where every member must listen and have the chance to speak, are good ways to create dialogues. Managers should implement policies such as mentoring programs to provide associates access to information and opportunities. Also, associates should never be denied necessary, constructive, critical feedback for learning about mistakes and successes (Flagg, 2002).

2JS Conclusion

A diverse workforce is a reflection of a changing world and marketplace. Diverse work teams bring high value to organisations. Respecting individual differences will benefit the workplace by creating a competitive edge and increasing work productivity. Diversity management benefits associates by creating a fair and safe environment where everyone has access to opportunities and challenges. Management tools in a diverse workforce should be used to educate everyone about diversity and its issues, including laws and regulations. Most workplaces are made up of diverse cultures, so organisations need to learn how to adapt to be successful. (Diversity in the Workplace: A Literature Review (MDS-934) R. M. Wentling, N. Palma-Rivas)

The literature review also showed that although there are numerous ways in which diversity has been defined, there is no definition that fully includes all the characteristics that a diverse population may bring to the workplace. It also showed that there are many forces that are driving diversity issues in organizations. For example, there is a significant increase in women and minority populations in the workplace; Americans continue to mature; an increasing number of minority youths are becoming part of the workforce; gay men, lesbians, and bisexual individuals are becoming an important part of the workforce; and marketplace; people with disabilities are also increasingly entering the labor force; and more business is becoming global.

This literature review indicates that the demographic composition is affecting not only the makeup of the labor workforce but also the makeup of the marketplace. Therefore, having a diverse workforce and managing it properly is perceived as a competitive strategy that can not only help attract diverse customers but also employees who have different perspectives that can contribute to the creativity of the organization. This review so ndicated that researchers have found that an important reason for implementing iversity initiatives in organizations is to improve corporate productivity and rofitability-

he literature review also showed that there is a wide range of approaches, strategies, or litiatives for managing diversity in the workplace. No single initiative is comprehensive tiough to solve all diversity issues or to successfully manage diversity in organizations; Dwever, diversity training is one of the primary and most widely used initiatives to jdress diversity issues. The information collected also revealed that diversity issues will antinue because the population will become even more diverse and more companies will ecome global. As diversity is becoming more and more complex, diversity training will Dntinue to be an essential element of the overall diversity strategy.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

This chapter presents the methodology to be used to carry out the research. It covers research design, target population and sample, data collection methods and data analysis.

3.2 Research design

This research is a case study that targets Hilton Nairobi, Kenya. Case study method was chosen because Hilton Hotel is the only known hotel in the Hospitality Industry that is introducing and vigorously implementing Workforce Diversity Policies.

3.3 Target population and sample

According to Tarrel, (1980) the generally accepted sample size was 30. The selected sample size was approximately 40 people. This was done through census. The researcher focused on the senior and middle management because the senior management formulates and advises on policies while the middle management implements these policies.

Hilton Nairobi's management structure is made up of the following as at January 2009:

Levels	Number
Senior Management team	14
Middle Management team	33
Unionisable team	N/A
Total	47

In order to access additional information, the study also looked at Hilton's Intranet over the past six months to one year, for a follow through on the activities in detail.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

This chapter contains data, analysis and research findings obtained from the respondents, at Hilton's head office in Nairobi. The findings are summarized and presented in tables. Forty (40) questionnaires were distributed out of which twenty Six (26) were completed and returned. This gave a response rate of 65% and non-response rate of 35%.

4.2 Section A: Demographic Profile of the Respondents

4.2.1 Team Members in the department

According to the findings in Table 1 below, 88.5% of the respondents had less than 50 members in their departments, 3.8% had from 50 to 100 members, 3.8% had between from 101 to 200 members while another 3.8% had more than 200 members, giving indication that most of the respondents have less than 50 members in their departments. This also suggests some element of diversity. This suggests need to examine span of control with a view to streamline it in accordance with the number of employees.

Tablel: Distribution of respondents by the size of departmental teams

Distribution	of	Team	Frequency	percent
Members				
Less than 50 %				88.5
50-100				3.8
101-200				3.8
More than 200				3.8
Total				99.9

4.2.2 Current rank in the organization

Table 2 shows that 38.50% of the respondents are in category of senior management while 61.5% are in the category of middle level management. This indicates that the hotel has embraced a flat structure. The element of delegation cannot be interfered from data in table 2. However, there was no response on the line management. This distribution also shows that there is an element of upward mobility by staff.

Levels	Frequency	Percent
Senior Management	10	38.5
Middle Management	16	61.5
Total	26	100.0

Table 2: Distribution of the Respondents by job level

4.2.2 Gender Distribution of the Respondents

Table 3 shows that 53.8% of the respondents were Male while 46.2% were Female. This indicates that the respondents were dominated by male employees. This study was not able to establish the reasons for this gender disparity. Perhaps this could be attributed to the fact that male employees dominate this industry and more specifically the management level, which was the target of the study. This obviously has implications for diversity policy.

Table 3: Distribution of the Respondents by Gender

Level of	Frequency	Percent
Distribution		
Malt-	14	53.8
Female	12	46.2
Total	26	100.0

4.23 Respondents' Level of Education

As shown in table 4, 7.7% of the respondents had attained O-Level/ A-level education, 57.7% had attained middle level education, 30.8% had attained University education while 3.8% had acquired other types of education. The high level of employee education implies high expectations in terms of career progression among employe anH also that the Hilton hotel in Kenya has resourced highly educated staff to compete favourably in the market.

Table 4: Distribution of respondents by Level of education

Level of	Frequency	Percent	
Education			
O-Level/ A-Level	2	7.7	
College	15	57.7	
University	8	30.8	
Others (Specify)	1	3.8	
Total	26	100.0	

4.2 Section B: Workforce Diversity

In this section, the respondents were asked to rate their level of agreement with a series of statements on the benefits of policies and practises pertaining to workforce diversity. The responses are summarized in table 5. To facilitate analysis, the measurement scales were collapsed by combining strongly agree and agree into one point called agree and strongly disagree and disagree into one point referred to as disagree. Neutral answers were ignored since they have no bearing on the objectives of the study.

Statement		Frequency		tage
	Agree	Disagree	Agree	Disagree
I can communicate effectively with people from diverse groups	24		95%	
I can work well in diverse groups to solve problems	25		99%	
Diverse groups make better teams	22		92%	
I think female managers are just as effective as their male counterparts	21		88%	
I treat my colleagues equally despite their diverse backgrounds	24		99%	
I recommend the most qualified team members for advancement regardless of their backgrounds	19		83%	
Hiring team members with diverse backgrounds will not	21	1	85%	

bother me because we need a mix in our organisation.				
I avoid making stereotype statements about people different from me	23		95%	
I feel that working in a diverse Workgroup enriches me	22		90%	
I think that diverse workgroups are good for creativity	23		95%	
Women generally are not good workers	1	20	18%	82%
I am completely comfortable working with female team members?	20	1	82%	18%
If I noticed that one of my colleagues was tribalistic, I would confront him and let him know my disapproval	16	1	68%	
There should not be any segregation or isolation of the disabled/AIDS sufferers in the Workplace	21	2	85%	
I am completely comfortable with the disabled or those suffering from HIV/AIDS	21	1	86%	
The disabled/HIV employees are poor workers	1	20	18%	82%
I would hire a disabled team member if they were the best qualified candidate	18		72%	
Members of some tribes are difficult to work with	5	8		
I prefer working with older employees	2	11		
I prefer working with younger employees	5	7		

It is evident from the results presented in table 5 above that 95% of the respondents can effectively communicate with people from diverse groups; 99% of respondents are able to work well in diverse groups to solve problems, an indication that the hotel being an international firm puts a lot of emphasis on recruiting managers that are able to handle diverse problems and groups. 92% of respondents agreed that diverse groups make better teams. This can be attributed partly to the members' willingness to learn from one another in order to serve the diverse groups. 88% of respondents agreed that in the industry, female managers are just as effective as male managers. This can be seen from a

smaller margin on distribution of female and male managers (46.2% and 53.8%, respectively). 99% agreed they treat their colleagues equally despite their diverse backgrounds; 83 recommended that the Hilton Hotel Nairobi endeavours to recruit the most qualified team members for advancement regardless of their backgrounds. This is an indication of the Hilton Hotel's Nairobi emphasis on team work. 85% supported hiring team members with diverse backgrounds to encourage diversity in the organisation. 95% avoided making stereotype statements about people different from them. This portrays culture of unity. 90% felt that working in a diverse Workgroup enriches them. This encourages multi-skills among employees. 95% agreed that diverse workgroups are good for creativity. This may be due to competition among the group. 82% agreed that women generally are not good workers. This was attributed to the nature of work done in the firm that favours male than female employees. 82% were not completely comfortable working with female team members. 68% agreed that if they noticed that one of their colleagues was tribalistic, they would confront him and let him know their disapproval. 85% agreed

that there should not be any segregation or isolation of the disabled/AIDS sufferers in the Workplace. 86% of respondents agreed that they are completely comfortable with the disabled or those suffering from HTV/AIDS. These two last statements indicate how the firm has mainstreamed HIV/AIDS policy in all the departments. 80% disagreed that the disabled/HIV employees are poor workers. 72% agreed they would hire a disabled team member if they were the best qualified candidate. This indicates the firm's commitment to professionalism as a whole, the results presented.

43 Section C: Policy on Workforce and Associated Benefits

In this section, the respondents were asked to respond to a number of questions and statements on benefits of policy on workforce diversity. The results are presented in table **6.**

Statements	Yes		NO		
	Freq.	%ge	Frequency	%ge	
Are aware of the benefits of managing diversity	18	94	1	5.3	
Are aware of the Hotel Diversity Policy	18	84.2	3	15.8	
Involved in the implementation of Diversity Policy	9	56.3	7	43.8	
Positive reaction of recipient	15	100			

Table 6 Benefits of Policy on Workforce Diversity

In item 1 section C of the questionnaire, respondents were asked to indicate whether or not they were aware of the benefits of workforce diversity. As shown in table 6.1, 94% of the respondents are aware while 5.3% are not, reflecting the impact of the hotel's investment in the training of its staff on the management of diversity. In item 2, the respondents were required to list the most important benefits of a diverse workforce in the hotel. As shown in table 6.1,84.2% of the respondents are aware of the hotel diversity policy while 15.8% are not, reason to why members of Hilton Hotel in Kenya from various regions are working without discrimination. On the same 6.1 table, 56.3% of the respondents are not, this is a true reflection that the 43.8% might be the senior management whose work is only to formulate diversity policy. Lastly, 100% of the respondents agreed that there is positive reaction from the recipient, reflecting that diversity is good for the hotel.

On a scale of 1 (least important) to 3 (most important), the respondents were asked to rate the importance to the hotel of each of the 5 listed diversity benefits. The results are in table 7 below:

Statement	1		2		3	
	Freq.	%ge	Freq.	%ge	Freq.	%ge
Increase productivity	2	10.5	3	15.8	14	73.7
Respect individual differences	1	5.6	2	11.1	15	83.3
Decrease Lawsuits	5	29.4	6	35.3	6	35.3
Increase marketing opportunities	1	5.3	7	36.8	11	57.9
Adoption of diversity policy enhances the definition	1	5.6	2	11.1	6	83.3
of culture of the organization.						
Becoming preferred employer, increase in guest	2	10.5	3	15.8	14	73.7
satisfaction are benefits of diversity management						
The benefits are based on simple- bottom line that	5	29.4	6	35.3	6	35.3
gives a competitive advantage that translates into						
gains						

Table 7 Benefits of Diversity to the Hotel

As shown above in table 6.2, the most important diversity benefit to the hotel is respect for individual differences and enhancement of the definition of culture of the organization (rated as such by 83.3% of the respondents). This is followed by increased productivity and to become a preferred employer, increase guest of satisfaction (73.7%) and increased marketing opportunities (57.9%). Decrease in lawsuits and giving competitive advantages that translate into gains were rated as most important benefits by only 35.3% of the respondents. All in all, these results provide a strong evidence that the hotel management (the respondents) perceives a strong link between diversity policy and an array of benefits to the organization.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary

In this section, we summarize the main findings, draw conclusions and make recommendations emanating from the research findings covered in the previous chapter. The objective is to establish the perceived benefits the Hilton Hotel expects from implementing diversity policies. In this respect, the study showed that, Hilton Nairobi already has established the benefits they want to get out of implementing the Diversity Policy as it is geared towards; improved revenues; increased productivity; improved job satisfaction; reduced lawsuits; increased marketing opportunities and respect individual differences hence concurs with Esty, et al., (1995) arguments in literature review.

The study focused on the senior and middle management staff who formulates and advices on policies while middle management implements the policies. The results show that at least 80% of the critical management embrace diversity as individuals and can attest to the benefits of diversity and are actually involved in the process. This is in line with Robinson (2002) and McInnes (2003), arguments in literature review that considered diversity as an invaluable competitive asset that any business cannot afford to ignore. They view diversity as an essential business concern.

Based on the overall findings, diverse work teams have brought high value to Hilton Hotel and respect to individual differences. From the research findings 83.3% of the respondents agreed that diversity has resulted in respect for individual differences and definition of culture of the organization. This is consistent with the finding of previous studies that were reviewed in the section on literature review.

5.2 Conclusions

The data analysis shows that a diverse workforce has brought a lot of value to Hilton Hotel. Respecting individual differences has benefited the Hilton Hotel by creating a competitive edge and increasing work productivity. Diversity management has benefited associates (i.e employees) by creating a fair and safe environment where everyone has access to opportunities and challenges. From analysis, Hilton Hotel has embraced diverse cultures, and has learned to adapt it to be successful.

The research findings also showed that implementation of diversity policies has led to increased productivity, reduced lawsuits, increased respect of individual differences, eliminated discrimination at workplace, improved communication, and enhanced recruitment of skilled and diverse manpower, among many benefits as analysed in chapter four. The findings also showed that there are many forces that are driving diversity issues in Hilton Hotel. For example, there is a significant increase in women and minority populations in the management and workplace in general; there is also increase of people with disabilities joining Hilton Hotel.

The findings further established that having a diverse workforce and managing it properly is perceived as a competitive strategy that can not only help attract diverse customers but also employees who have different perspectives that can contribute to the creativity of the organization. The findings have found that an important reason for Hilton Hotel management implementing diversity initiatives is to improve its corporate productivity and profitability. According to the researcher it can be noted that no single initiative is comprehensive enough to solve all diversity issues or to successfully manage diversity in organizations; however, diversity training is one of the primary and most widely used initiatives to address diversity issues. The information collected also revealed that diversity issues will continue because the population will become even more diverse and more companies will become global. As diversity is becoming more and more complex, diversity training will continue to be an essential element of the overall diversity strategy.

53 Limitations of the study

There seems to have been two main challenges during the study. According to the respondents the subject of study required them to share information that others

considered confidential and for this reason some respondents were suspicious about the motive of the researcher given that there is apparently some mistrust within the industry. On the other hand, the same respondents claimed to be "tired of being interviewed", the hotel industry seems to be attracting a sizeable number of researchers in different disciplines.

The other factors that posed as constraints to the study are: time factor - this made the study limited in its depth and scope; secondly, some of non-managerial employees of Hilton Hotel did not cooperate at all in answering the questionnaires this posed a major problem; Thirdly is the fact that the respondents in their different situations may give biased information and that their feelings may change overtime. Lastly, the study looked at a single industry i.e Hotel (Hospitality Industry) and therefore may not necessary be applicable to other industries applying various diversity policies.

5.4 Recommendation for further research.

This research raises a number of questions which should be emphasized in future research. First the study looked at the perceived benefits by the Hilton Hotel expects from implementing diversity policies. This is an area that needs to be looked at in great depth in other sectors. Second, attempts should be made to incorporate additional endogenous variables, such as motivation, conflict- management, performance of employees and employee career advancement.

Lastly it is evident from the study that there is still a great need for research to be carried out in broad area of perceived benefits from implementing diversity policies in the Hilton Hotel as there seems to be limited data on the area.

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APPENDIX B: QUESTIONNAIRE

SECTION A

- 1. Department?_
- 2. How many team members do you have in your department?
 - [] Less than 50 [] 50-100
 - [] 101-200 [] More than 200
- 3. What is your current position?
 - [] Senior Management [] Middle Management
- 4. Please indicate your gender Male [] Female []
- 5. Please tick the age bracket in which you fall:
 - Below 30 years
 []

 31-40 years
 []

 41-50 years
 []

 51 years and above
 []
- 6. Please indicate your highest level of education

O-Level /A-Level	[]
College	[]
University	[]
Others (specify)	[]

SECTION B

This Questionnaire is concerned with Diversity. Diversity comprises of gender, race, disability, age and sexual orientation.

Please indicate on the scale provided below the extent, to which you agree or disagree with the following statements of diversity by ticking the appropriate point, for example, if you strongly agree with a statement, you tick 5

Strongly agree=5; Agree=4; neither agree nor disagree=3; Disagree=2; Strongly disagree^!

	5 4 3 2 1	
I.1 can communicate effectively with people from diverse groups	[][][][][][]	
2.1 can work well in diverse groups to solve problems	[][][][][][]	
3. Diverse groups make better teams	[][][][][][]	
4.1 think female managers are just as effective as men	[][][][][][]	
5.1 treat my colleagues equally despite their diverse backgrounds	[][][][][][]	
6.1 recommend the most qualified team members for advancement [][][][][]		
regardless of their backgrounds		
7. Hiring team members with diverse backgrounds will	[][][][][][]	
not bother me because we need a mix in our organisation.		
8.1 avoid making stereotype statements about people different	[][][][][][]	
from me		
9.1 feel that working in a diverse Workgroup enriches me	[][][][][][]	
10.1 think that diverse workgroups are good for creativity	[][][][][][]	
II. Women generally are not good workers	[][][][][][]	
12.1 am completely comfortable working with female	[][][][][][]	
team members?		
13. If I noticed that one of my colleagues was tribalistic, I would	[][][][][][]	

confront him and let him know my disapproval	
14. There should not be any segregation or isolation of the	[][][][][]
disabled/AIDS sufferers in the Workplace	
15.1 am completely comfortable with the disabled or those	[][][][][]
suffering from HIV/AIDS	
16. The disabled/HIV employees are poor workers	[][][][][]
17.1 would hire a disabled team member if they were the	[][][][][]
best qualified candidate	
18. Members of some tribes are difficult to work with	[][][][][]
19.1 prefer working with older employees	[][][][][][]
20.1 prefer working with younger employees	[][][][][]

SECTION C

Questions on Diversity Management

- 1. Are you aware of the benefits of managing diversity?
 - Yes [J No []
- 2. Please list the most important benefits of a diverse workforce in the Hotel.

- 4. Are you aware of the Hotel's Diversity Policy? Yes [J No [J
- 5. Are you involved in implenting this Diversity Policy? Yes [J No [J
- 6. What are the main areas of emphasis in the Diversity Policy?

7. What tools do you use to implement Diversity Policies?

8. Has the reaction of your recipients been positive?

Yes [J No []

9. How important are the following diversity benefits to the Hotel?

	1 2 3
Increase Productivity	[][][]
Respect individual differences	[][][]
Decrease lawsuits	[][][]
Increase marketing opportunities	[][][]
Other, please specify and rate accordingly	[][][]

10. What are the challenges you face?

12. What can you recommend to improve management of diversity in the workplace?

13. How can you rate your organisation's effort in terms of managing its' diverse workforce?

Good	Fair	Poor
[]	Π	u

Thank you for your co-operation!

APPENDIX C: INTERVIEW GUIDE

- Why adopt these policies?
- What benefits do you expect to achieve?
- What are these benefits based on?
- Are the potential benefits quantifiable?

Thank you!