

**TOP MANAGEMENT DIVERSITY AND PERFORMANCE OF LEVELS
FOUR AND FIVE HOSPITALS IN NAIROBI CITY COUNTY, KENYA**

IMMACULATE OKELO AMOLO

**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF
THE REQUIREMENTS FOR THE AWARD OF MASTER OF THE DEGREE
OF BUSINESS ADMINISTRATION, SCHOOL OF BUSINESS, UNIVERSITY
OF NAIROBI**

2018

DECLARATION

This research project is my original work and has not been submitted for a degree in this or any other University.

.....

IMMACULATE OKELO AMOLO

Date

D61/ 72523/ 2014

This research project has been submitted for Examination with my approval as the University Lecturer.

.....

DR J. KAGWE

Date

Department of Business Administration

School of Business, University of Nairobi

ACKNOWLEDGEMENTS

I am indebted to Almighty God, my Fortress and Pillar of Strength forever.

To my parents Mr and Mrs Amolo for your support and concern throughout my academic journey. My siblings, relatives and friends for their emotional support and encouragement. Your concern and encouragement kept me going and revived my passion to stay in course even when I was in doubt.

Many thanks to my Supervisor Dr. J.Kagwe. Thank you for your relentless efforts and insightful guidance to complete this project successfully. Your humility, selflessness, passion, patience, availability and ultimate dedication touched me deeply.

To my respondents and all others who selflessly offered their support in one way or another, much appreciated! Your participation and contribution is greatly appreciated, may God bless you beyond measure.

DEDICATION

To my sister Inviolata,

I wish you the best in your quest for academic excellence

To my Parents,

You have been my pillar in life

To my Grandmother Rosalina,

For appreciating hardwork and academic excellence

To all my Brothers,

For being always there for me and for your never-ending support

ABSTRACT

Top management diversity has been frequently depicted as a positive power in an organization that is expected to affect the efficient functioning of the firm since diversity is claimed to result in a wide variety of ideas, innovation and creativity which therefore enhancing decision making processes that leads to greater performance of a team. The aim of the study was to establish the effect of senior management diversity on the performance of levels four and five hospitals in Nairobi City County, Kenya. Towards the realization of the research objective, the research adopted a cross-sectional survey design of all the levels four and five hospitals in Nairobi City County. The unit of analysis were the 22 hospitals while the target respondents were human resource and finance managers of the hospitals. Data was analyzed using descriptive measures of mean and standard deviation while the presentation was made using tables, pie charts and figures. The independent variables whose influence was investigated were the top management educational background diversity, functional diversity, social diversity and tenure diversity. The results in the variable results of the predictors have been that the educational diversity of the hospital's top management shows that the different teams are better equipped to handle complex decision situations for their departments due to their ability to derive implications for several strategies. The discovery of functional diversity has manifested itself in the skills of senior management, which helps companies to develop their strategic positioning and top management of the organization, facilitating strategic organizational changes that improve the performance of the company. The tenure of senior management revealed that people from different cultures in a group generate ideas of high quality, more effective and feasible than having people of the same culture in a group. The social diversity also revealed that top management comes from diverse gender and different ethical background. The combined effects of the independent variables show that all the variables had positive effect on firm performance except tenure diversity that gave a negative coefficient (-0.421). Tenure diversity and functional diversity were found to be significant since their p-value were less than 0.005 while social diversity and education diversity variables were insignificant. Similarly the ANOVA results show that four predictor variables can significantly predict the performance of the hospitals since the F-Value = 14.771 was lower than the critical values. The study concludes that indeed top management diversity enhances the performance of the hospitals and as a result, the research recommends that both the educational and social diversity of the hospitals should be enhanced through continuous trainings as well as encouraging the staff to join increased social groupings such as private members clubs.

TABLE OF CONTENTS

DECLARATION	ii
ACKNOWLEDGEMENTS	iii
DEDICATION	iv
ABSTRACT	v
TABLE OF CONTENTS	vi
LIST OF TABLES	ix
LIST OF FIGURES	x
ABBREVIATION AND ACRONYMS	xi
CHAPTER ONE	1
INTRODUCTION	1
1.1 Background of the Study.....	1
1.1.1 Top Management Diversity	2
1.1.2 Organizational Performance	4
1.1.3 Health Care Industry in Kenya.....	5
1.1.4 Levels Four and Five Hospitals in Nairobi, Kenya.....	6
1.2 Research Problem	8
1.3 Research Objectives.....	10
1.4 Value of the Study	11
CHAPTER TWO	12
LITERATURE REVIEW	12
2.1 Introduction	12
2.2 Theoretical Review of the Study	12
2.2.1 Upper Echelons Theory	12
2.2.2 Knowledge - Based View	13
2.2.3 Social Identity Theory	14
2.3 Top Management Diversity and Performance.....	15

2.3.1 Top Management Team Educational Background and performance	15
2.3.2 Top Management Functional Diversity and Performance	16
2.3.3 Top Management Tenure Diversity and Performance	18
2.3.4 Social Diversity and Performance	19
2.4 Summary of Knowledge Gaps.....	20
2.5 Conceptual Framework	21
CHAPTER THREE	23
RESEARCH METHODOLOGY	23
3.1 Introduction	23
3.2 Research Design	23
3.3 Population of the Study	23
3.4 Data Collection	24
3.5 Data Analysis.....	24
CHAPTER FOUR.....	26
DATA ANALYSIS, RESULTS AND DISCUSSION.....	26
4.1 Introduction	26
4.2 General Information.....	26
4.3.1 Policy that governs the need for top management diversity	28
4.3.2 Actions being implemented currently in the hospital towards enhancement of top management diversity	28
4.3.3 Role in the enhancement of the top management diversity goal	29
4.4 Top Management Diversity	29
4.4.1 Education Level	30
4.4.2 Other Educational diversity being pursued in the organization.....	31
4.4.2 Functional Diversity	32
4.4.3 Top management functional diversity been reflected in the hospital.....	33
4.4.4 Tenure Diversity.....	33

4.4.5 Social Diversity	35
4.5 Organizational performance	36
4.6 Regression analysis	37
4.6.1 Model Summary	38
4.6.2 ANOVA	39
4.6.3 Coefficients of correlation	39
4.7 Discussion of Findings	40
CHAPTER FIVE	42
SUMMARY OF FINDINGS, CONCLUSION AND LIMITATION	42
5.1 Introduction	42
5.2 Summary of the Findings	42
5.3 Conclusions	43
5.4 Limitations of the Study	44
5.5 Recommendation and Policy Implications	44
5.6 Suggestion for Further Research	45
REFERENCES	46
Appendix I: Questionnaire	50
Appendix II: List of Levels Four and Five hospitals in Nairobi	54

LIST OF TABLES

Table 2. 1: Summary of Literature	20
Table 4. 1: General Information.....	26
Table 4. 2: Policy that governs the need for top management diversity.....	28
Table 4. 3: Play a role in enhancement of Top Management Diversity	29
Table 4. 4: Education Level	30
Table 4. 5: Functional Diversity.....	32
Table 4. 6: Tenure Diversity	33
Table 4. 7: Social Diversity.....	35
Table 4. 8: Organizational Performance	36
Table 4. 9: Model Summary	38
Table 4. 10: ANOVA.....	39
Table 4. 11: Coefficients.....	39

LIST OF FIGURES

Figure 2.1: Conceptual framework.....	22
---------------------------------------	----

ABBREVIATION AND ACRONYMS

CEO	-	Chief Executive Officer
CHEAK	-	Christian Health Association of Kenya
GH	-	General Hospital
KBV	-	Knowledge -Based View
KEC	-	Kenya Episcopal Conference
KEPH	-	Kenya Essential Package for Health
KMPDB	-	Kenya Medical Practitioners and Dentists Board
MOH	-	Ministry of Health
TMT	-	Top Management Team
DGH	-	District General Hospital

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Diversity in teams and groups are often presented as a suggestion of positive power efficient functioning of an organization. The top management team diversity of an organization supposedly prompts a wide variety of ideas, innovation and creativity therefore enhancing decision making processes that leads to greater performance of a team (Jackson, May and Whitney, 2010). It is from this diverse knowledge of ideas that the decision making groups in an organization would be able to provide a consensus from the previous ideas raised and be able to successfully implement a strategy because all the managers act on a common set of strategic priorities. Top management team (TMT) members that is more diverse will possibly benefit and enhance a firm's outcome especially in contributing to better decision-making, higher innovation and greater creativity (Carson, Mosley & Boyer, 2014). This is due to the fact that diversity primarily leads to advanced variance in innovation, opinions, knowledge and creativity, hence providing a significant group performance.

The study was anchored on three theories, namely, Upper Echelons Theory (Hambrick & Mason, 1984), Knowledge-Based View (Grant, 1996) and Social Identity Theory (Milliken & Martins, 1996). The Upper echelons theory posits that the psychological and cognitive character traits of the TMT members are critical to corporate choices they make on which the performance of the firm largely depends. The Knowledge -Based View (KBV) Grant (1996) suggests that a firm essentially is a

pool knowledge of resources and capabilities that will influence its strategy and performance. Consequently, KBV postulates that the future competitiveness of a successful company will be established through effective harnessing of its distinctive and exceptional Knowledge abilities, which may frequently be verifiable or immaterial in nature. Top management team of an organization is one of these resources. The theory of social identity establishes that part of one's idea of oneself depends on the importance attributed to belonging to the group to which one belongs (Turner and Oakes, 1986). The theory proposes that the push of people to a constructive and esteemed personality influences the social correlations they create. The Kenyan health system, both the private and public providers, has been playing an important role in the government quest to providing affordable healthcare to Kenyans and addressing health challenges in the region.

One of the important players towards this quest are the levels four and five hospitals which are top in the hierarchy of the Kenyan health system that offer specialized services to address complicated health issues. Many of these hospitals are based in Kenyan major towns with Nairobi having over 25 hospitals. The management of the hospitals consists of persons from different academic, racial, tenure and functional diversity that brings on board a mix of a management team. It is therefore vital to understand how the top management diversity influences the performance of this group of hospitals.

1.1.1 Top Management Diversity

Hambrick, *et al.* (1996) considers the top management team as every executive at the level of directors and are included in the processes of decision making for the

company. On their part Finkelstein, Hambrick and Canella (2009) opine that an organization top management consists of a body accountable for decision making strategies through establishment of appropriate company strategy, structure, and performance. Similarly, Nielsen, (2010) suggest that the top management of an organization consists of a reasonably small clique of most compelling administrators at the peak of an association as a rule the CEO (or general supervisor) and the individuals who report straightforwardly to him or her. On the same line, Hambrick and Mason (1984) defined top management as those who are in the upper tier in an organization. From the aforementioned definitions, it implies that an organization's top management represents the top hierarchy group of employees whose decisions affect the performance of a firm.

Different researchers and management practitioners have defined top management team diversity differently. As per Jackson. (2003) noted that diversity is the circulation of individual's characteristics among members who are interdependent in terms of a work unit. Diversity in top administration alludes to the degree to which chiefs in a firm are from various backgrounds that range from ethnic groups, educational, functional, and racial and tenure instead of having a team with one class of common backgrounds (Miller & Triana, 2009). On their part, Mutuku, K'obonyo and Awino (2013) feature that the diversity of the top management team alludes to the degree to which the executive group is heterogeneous as far as tenure, functional, age, professional qualification, gender, and academic qualification backgrounds are concerned.

The diversity of top management team is what various scholars suggest influences the strategy formulation and implementation process in an organization (Yi et al., 2018).

In the case of the levels four and five hospitals in Nairobi, the extent to which the decision making tier of the hospitals is composed of persons from different backgrounds will determine the type of strategies and eventually the performance outcome that the organizations realize. The levels four and five hospitals top management diversity reflects how obviously individual team members are and therefore catches their values and opinion level, particularly with respect to group objectives and procedures.

1.1.2 Organizational Performance

The performance of a firm can be determined using either the qualitative or quantitative measures. The quantitative measures assess how the top management utilizes its resources to produce a profit. By following this line, a firm's performance is majorly concentrated on the financial returns that are based on various business and economic literature (Barney 2011). Thus, Van Weele (2006) opine that performance of an organization is the capacity of a company to accomplish such targets as large margin of market share, appealing financial performance, high returns and survival at pre-decided time using significant system for operation. Mutuku et al (2013) assert that for organizational qualitative measures, performance can be regarded under measures which have influential, cognitive, and symbolic and communication with organization members' outcomes.

An organization's top management characteristics has been advanced by the top echelons theory (Hambrick & Mason, 1984) to have a important impact on the

performance of a firm because as supported by the resource dependency argument, an organization top management is a source of knowledge. Consequently, Ferreira (2014) argues that access to sophisticated resources' variety both externally and internally can only be achieved with availability of diversity in the top management team and therefore resulting into performance benefit. Similarly, Yi, et al (2018) assert that diversity of senior staff members may benefit firms by providing more efficient corporate strategy because of the resultant broader pool of perspective in strategy formation and implementation of the same strategies. The diversity of the top management is what various scholars suggest influences the strategy formulation and implementation process in an organization, which eventually has a direct effect on the organization performance.

1.1.3 Health Care Industry in Kenya

The Kenyan healthcare system is pluralistic. Healthcare services are provided by the national and county governments and a large group of non-governmental organizations which incorporates religious groups of organizations, the profit-driven private sector, drug stores/scientific experts/chemists, conventional healers and healthcare workers in the community. Kenya's health framework includes both formal and informal sectors. By the official framework we imply that section of the health sector which falls inside the administrative domain of the Ministry of Health, and which is statutorily required to submit returns to the Ministry of Health through Health Information Systems Department. The informal/unofficial framework contains those health establishments and suppliers over which the Ministry of Health has no control over their operations, i.e. conventional healers (Sudhinaraset, Ingram, Lofthouse & Montagu, 2013).

The organization of the health framework reflects the regulatory division of the nation. Every County has a general hospital (CH), and each district has its own district general hospital (DGH). Dispensaries and health centers are established in the rural areas. The system of the healthcare provision in Kenya is consequently organized around the idea of a pyramid of health facilities. The basis of the health facilities pyramid is formed by establishment of mobile clinics, health center and dispensaries at the rural level. The healthcare system is categorized into six distinct levels: Level 1-Community (Village/family units/households), Level 2-Dispensaries/Clinics, Level 3-Health centers, nursing homes, maternities, Level 4-sub-districts and districts hospitals, Level 5-Provincial hospitals, Level 6-National referral hospitals. these are the levels of hospitals as provided in the Kenya Essential Package for Health (KEPH) (Ojaka, Olango & Jarvis, 2014). This demonstrates the actual service provision levels that facilities operate.

1.1.4 Levels Four and Five Hospitals in Nairobi, Kenya

According to the Ministry of Health (MoH), levels four and five hospitals are the ones with the mandate of; providing services to a geographically all around characterized region and are an essential piece of the health system of the county, stand in place of district hospitals' referral hospitals as a mediating facility between the districts and national referral hospital, it can also act as regional centers for providing specific care for example intensive care and life support and consultations from specialist health care providers. Levels four and five comprise of various medical professional such as specialized nurses and midwives, general medical physicians, pediatricians and general surgeons (Ojaka et al, 2014).

There are both public (government) and private level five hospitals in Nairobi, Kenya. The level five public hospitals are gazetted through Chief Health Association of Kenya (CHAO) in the Medical Services' Ministry. They are owned by the Ministry of Health (Godia, et al, 2013)

Levels four and five private hospitals are registered under the national body; Kenya Medical Practitioners and Dentists Board (KMPDB). They are institutions which are not owned by the Ministry of Health but by other bodies such as Kenya Episcopal Conference-Catholic Secretariat (KEC), Christian Health Association of Kenya (CHAK), Supreme Council of Muslims (SUPKEM) and the community. Some of these level five private hospitals are owned by a group of professionals, families as well as by individuals. According to KMPDB the level five private hospitals must meet the following criteria; A minimum of one theatre, Outpatient and inpatient services, a minimum of four separate departments, Minimum 50 inpatient beds, Minimum of basic X-ray services, Resident medical officer, They must be licensed (by KMPDB) Hospital (Echoka, 2013).

Even though levels four and five private hospitals offer all medical services at international standards, they face a challenge of low patient numbers due to the fact that their costs of services are always inflated even though they have maintained better service provision and modern health facilities than the equivalent public hospitals. The top management team of levels four and five hospitals is composed of a team that ordinarily made up of persons from different backgrounds. The diverse background among the top management team varies on their functional duties, years of experience, educational background, and racial background. These forms of diversity are not uniform across the hospitals but rather diverse. In this circumstance,

it is necessary to determine the effect of the diversity of the senior management team on the performance of hospitals.

1.2 Research Problem

A workforce that draws its members from a diverse pool and its effect on the performance of an organization has been a subject of discussion in different forums despite the fact that many organizations have endeavored to establish a diverse group of top management team. Difference in respect to top management team race, nationality, attitude, ethnicity, educational level, nationality and gender has been of concern to the organizations (Carson, et al, 2014). This is because the ability of an organizations' top management to establish appropriate strategies in the context of changing operational environment and the need to adapt to the environment has become a significant matter in the present day organization management because of the ever changing need to adapt to the market needs. In addition, for a firm performance, it is no longer tenable to assess the firm performance on financial terms alone but rather also from the social and environment dimensions (Muhamad & Auzair, 2014).

The Kenyan levels four and five health facilities in Nairobi play an important role in facilitating government objective of providing affordable and quality health services to Kenyans and by extension serving neighboring countries. Levels four and five hospitals, both form the private and public institutions and are expected to come up with strategies that will enable the hospitals to offer services in a manner that will improve its performance. The hospitals should not only have doctors in its top management team but rather members that have different educational background and

experience. This is expected to bring about a widespread pool of experience to decision making and consequently performance.

Various studies have been undertaken both locally and internationally with regard to the top management team but majority of them have looked at the role of TMT team in terms of diversity in terms of age, educational background, gender, functional responsibility, tenure, as well as working and industry experience (Manolova & Manev, 2006; Richard, 2000; Schweiger, Talke, Salomo & Kock, 2011). Similarly, a review of the previous studies on firm performance related to TMT diversity have considered the financial aspect of the performance while it is being stressed that firm performance should also include other dimensions of performance besides financial traits such as social performance and environmental performance. Consequently, Fauzi, Svensson and Rahman (2010) by realising this gap suggest to the need for future studies to evaluate firm performance on the basis of the triple bottom line concepts that measure firm performance namely; financial, social and environmental aspects to attain sustainable firm performance.

Marege (2014) researched on the determinants of practices which are eco-friendly in level five private hospitals in Nairobi, Kenya. The study established that the need to have energy efficient operations, effective waste management and green purchasing is the main determinants of the level five hospitals in Nairobi to adopt eco-friendly practices. Ndambuki (2013) studied the level of patient satisfaction and observation of the nature of the renal unit nursing services at the Kenyatta National Hospital in Nairobi, Kenya. The results of the study were that there was no relationship between the demographic qualities and the degree of satisfaction with the nursing services

Clearly, on the basis that prior research having not been conclusive with respect to the nexus that exist between top management diversity and performance of a firm, the limited scope on the measures of top management team diversity used so far as well as the need to incorporate measures on the long-term performance of an organization, there is need for a research to be undertaken to bridge this gap. In addition, the prior studies have sought to relate top management diversity and performance of profit oriented organizations and none so far has delved into hospitals.

Thus, having a clear picture of the impact of TMT diversity and the operations that underlie this impact in a hospital oriented organization will reduce the existing gap. This study therefore, has tried to find a solution to the research question; what is the impact of diversity of the top management team on the performance of levels four and five hospitals in Nairobi City County, Kenya?

1.3 Research Objectives

The objectives of the study were:

- i. To identify the top management team diversity at levels four and five hospitals in Nairobi City County, Kenya;
- ii. To identify the performance of levels four and five hospitals in Nairobi City County, Kenya;
- iii. To establish the effect of top management team diversity on the performance of levels four and five hospitals in Nairobi City County, Kenya.

1.4 Value of the Study

This study may add value to the policy makers in the healthcare system as the study might be a useful basis of formulating policies which can be effectively implemented to improve the effectiveness of healthcare services in Kenya. The government may benefit from this study by coming up with policies and bills in parliament that mandate the practice of top management diversity in all levels four and five hospitals in the country.

The management could benefit from this study as they are aware of the competitive strategies but they are not aware of the reasons some hospitals fail to achieve their desired goals especially when combined with the observance of diversity strategy. Therefore, having the knowledge regarding the importance of top management diversity in the performance of these hospitals will enable the hospitals to critically observe the principles of management diversity and at the same time be able to incorporate the necessary strategies that might create the necessary efficiency in management. This might be especially useful to the higher health organizations during these turbulent times that are marked with advanced government regulations.

The finding of this study could build on scholarly work done on top management diversity strategy and performance. By understanding the impact of top management diversity strategy and performance, the study might enable further analysis to establish whether these effects differ among the levels four and five hospitals in Nairobi.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The chapter centers on the literature that relate to the research objective which is to establish the outcome of top management diversity on the performance of levels four and five health facilities in Nairobi City County, Kenya. The section covers theories that underlie the study, and reviews empirical studies that relate top management diversity and organizational performance.

2.2 Theoretical Review of the Study

A theory is an arrangement of legitimately contended thoughts proposed to clarify a phenomenal by indicating variables of the laws that relate the variables to each other (Davidson, 2008). This study was anchored on three theories, which are; The Upper Echelons Theory, Knowledge-Based View and Social Identity Theory.

2.2.1 Upper Echelons Theory

The Upper Echelons Theory was progressed by Hambrick and Mason (1984) and has, since then, been adopted vastly in studies on diversity in top management in light of its position that both performance of an organization and strategic decision making process can be connected to the qualifications of the top managers. The theory features that the demographic attributes of top chiefs that emerge with various qualities and observations in the process of decision making will impact the company's strategic direction and subsequently its performance. Top administration diversity is acknowledged to possibly include an incentive through offering diverse

solutions, clearer assessment of alternatives, and improved expectation of changes in environment (Cannella, Park & Lee 2008).

Carson et al., (2014) expound that the top management team strategic choices cover a wide range of organization principles and management science, adding up from innovation of products to diversification, from leverage on capital intensity to acquisitions and mergers and from administrative complexity to organizational design. No one group of employees is able to have necessary competence to handle effectively all the above and consequently, the upper echelons theory advocated a top management team with a wide array of competence ranging from academic background to racial difference.

2.2.2 Knowledge - Based View

The Knowledge-Based-View (Grant, 1996) is a progression of the resource-based view and proposes that of every single conceivable resource a firm may have, its knowledge base is the crucial component that gives the best capacity to fill in as a sustainable diversification and subsequently enhanced performance of an organization. The knowledge based resources in a firm are difficult to imitate because of learning boundaries and thus are important assets that are shielded from impersonation through the establishment of knowledge barriers. According to Cross and Baird (2000), the knowledge based view certainly considers that, in light of the fact that knowledge is an important factor of competitive advantage, the greater the investment in knowledge, the more noteworthy will be the benefits for the company (Reus, 2009). Subsequently diversity in workforce is relied upon to have more advanced pool of knowledge which will prompt enhanced firm performance.

Eisenhardt and Santos (2002) clarify that organizations have wide knowledge bases and that these distinctions clarify the difference in levels of firm achievements and performance. therefore, with a diversified top management team, individual member of the board comes with specific specialized knowledge of the context that can be utilized deliberately to react to changes in the market structure, suggesting that the company's main goal will be to make conditions below which people can incorporate their specialist knowledge for the advancement of the organization.

2.2.3 Social Identity Theory

Social identity theory was later advanced by Tajfel and Turner (1979) and recommends that a portion of one's self-idea is subject to the significance and pertinence set on the membership of a group that an individual is enrolled to. The theory proposes that people's drive for positive esteem and personality impacts the social comparisons they connect with and specifically when a group ends up striking, the highlights related with that group guide one's character behaviors and attitudes. Diverse team models originating from social identity talk about the colleagues' influence on each other and issues relating to social loafing, social facilitation, and social effect. On a similar context, identification of a group, group development, team building and member integration processes for example attraction of members into a group, team and norm development, are recommended as instruments to maintain a strategic distance from the negative results of diversity (Dyer & Nobeoka, 2010).

The Social identity theory is adopted with the aim of clarifying the impacts of diversity by positing that individuals are endeavoring towards confidence, which depends on both individual personality and social personality (Wiersema & Bantel, 2012). Social personality/identity, thus, is dictated by the groups to which a person is enrolled and the qualities shared by these groups. The theory proposes that individuals

have a characteristic inclination to categorize others into groups and to separate between in-groups and out-groups. The procedure of categorizing is commonly in view of social classifications and detectable qualities, for example, status, age, and race and proof proliferate that when these top management is indistinguishable, at that point diversity of the firm is found to enhance its performance.

2.3 Top Management Diversity and Performance

Through a review of previous studies, the top management diversity can be evaluated from two major perspectives namely; demographic diversity and cognitive diversity. Demographic diversity perspective views the top management diversity by such angles as difference in, gender, functional background, ethnic background, age, tenure, education, religion, and race amongst others. On the other hand, the cognitive diversity assesses diversity from differences in preferences and beliefs supported by upper echelons executives found within an organization.

2.3.1 Top Management Team Educational Background and performance

Top managers' educational capability is associated with their improved cognitive capacity because a manager who possesses a higher level of educational prowess provides more information processing abilities and creativity. Lombard and Craford (2015) suggest that well educated managers are in a better position to draw implications for different functions and formulate sub-level strategies and appropriately deal with employee's resistance to change that result from the introduction of various strategies that will affect their routine operations. Camuffo et al., (2011) assert that a top management team that has a diverse educational level has improved competency level and with the wide range of capabilities and competencies, the top management will tend to achieve its competitive nature by taking sophisticated

strategic activities in the business operation. Therefore, in the case of a business organization, a top management team with diverse educational capability will always have a wider, more precise business view, and is actually more risk-taking, strategic moves that are expected lead to improved performance.

Certo et al. (2012) opine that educational diversity of the top management is an important resource that a firm can adopt in the process of decision making, which is not accessible to more homogeneous because in their view, optimal decision making is achieved when a diverse top management directly stimulates debate on an issue before a decision is made. A similar position is held by Abdullah and Ku Ismail (2013) who reinforce that top managers with diverse educational backgrounds result in a balanced collaboration and interrogation of a challenge at hand and this is projected to enhance the decision-making procedures because members from varied backgrounds having different opinions are engaged in the process. Improved decision making lead to improved performance where several decisions exist. Apart from the improvement in organizational decision making, Talke, Salomo and Kock (2011) highlight that the TMT educational diversity positively improves their quality of planning process because of their heterogeneous group thinking and this quality brings the effective problem solving in diverse and complex situations.

2.3.2 Top Management Functional Diversity and Performance

Functional diversity alludes to the distinction of the experience in duties and management prior functions. With respect to the quality of decision making, teams can just think of preferable choices over that of individual decision makers in light of the fact that differing practical experience is unevenly appropriated among individuals. Brodbeck et al. (2012) propose that individual experience of a group

member and the group's aggregate information prompt diverse decisional suggestions in light of the fact that an informed decision option isn't accessible to individual members of the group preceding discussions and groups can land at better choices compared to individuals when there is sharing of non-redundant information. Carpenter and Fredrickson (2011), feature that, the diverse idea of utilitarian aptitude among the top management team brings diverse sort of social capital, which boosts organizations in enhancing their performance.

Conceded that there may be more clashes in a functional diverse top management group, in the meantime an heterogeneous group additionally encourages vital authoritative changes that at that point enhance firm performance, however CEO qualities assume a vital moderating part in this relationship. A diverse workforce also acts as an external signal to organizational stakeholders because as Smith et al. (2012) argue, a functionally diversified board of management in an organization positively affects the broader image of the organization, and this in turn produces escalated firm performance. Shin (2014) further advance similar arguments by insinuating that a functionally diversified management team serves to signal asymmetric information present in the organization.

The foundation of the knowledge-based view of the organization is that organizations have different knowledge bases that determine the performance of the firm (Eisenhardt & Santos, 2002). Each member of an organization's top management brings specialized and unique knowledge that if it is effectively used, it will enable a firm to strategically respond to market changes. Therefore, an organizations principle objective is to make great condition under which people can coordinate their expert knowledge (Grant, 1996). Organization with practically diverse administration give

positive settings to directors with various information bases to interface every now and again; in this way, more noteworthy diversity can be a vital resource that empowers firms to increase competitive advantage (Barney & Wright, 1998).

2.3.3 Top Management Tenure Diversity and Performance

Tenure diversity refers to the breadth of knowledge available to a top management team. According to Harrison and Klein (2010) a management residency/tenure diverse envelops the broadness of knowledge, information and subjective points of view exhibit in a group because of residency/tenure contrasts. Organizational performance has been distinguished to rely upon the instructive contrasts among colleagues with the end goal that the distinctive residency classifications add to group diversity. Horwitz and Horwitz (2009), for instance, recommend that a group with a most extreme measure of tenure diversity would have a team member in each possession category and would increase the capacity. Diversity in tenure expands the capacity of the top management to perform and reason strategically that will direct the association to accomplish its goals by limiting the impacts of the competitive weights.

Nonetheless, top administration with longer tenure likewise may experience the ill effects of what Smith (2008) depicted as myopic vision, bringing about such management intentionally does not bring strategic changes to the company. This is on account of when the performance of an organization falls down and the turnaround measures being embraced can't take any strategic activities because of the issues being seen as uncontrollable. Bantel and Jackson (2009) additionally propose that more drawn out tenure of a top management group infer that they have been acknowledged by other group members, and this will imply that their choices will be respected by other individuals from staff. Kunze et al (2013) affirm that with a diversified tenure of

the top management, association strategic choices are made quicker and with less exceptional conflicts, and likewise, decisions are executed rapidly which implies that an organization will have the capacity to react speedier and suitably to the market demands. With respect to some specific systems adopted by the company, for example, international diversification, the management team played an enormous and positive role

2.3.4 Social Diversity and Performance

Harrison and Sin (2009) define social diversity as readily observable differences among members of staff such as age, gender and sex which are readily seen to other organization members and reflect the social categorization process. Wei and Wu (2013) argued that the categorization based on value, knowledge and emotion with other members allows a person to qualify to be the member of a group. Indeed, Erhardt, Werbel and Shrader (2008) by studying previous studies on the importance of diversity on firm outcome, conclude that ethnic diversities and gender is absolutely and considerably associated with financial performance of an organization.

Abdullah and Ku Ismail (2013) in their study evidence conclude that age diversity has a negative impact on the performance of a firm because having members within the same age group will lead to a biased decision making styles but having additional female members in a top management team helps in paying more devotion to inspection and risk omission during the process of strategy development. Similarly, McLeod, Lobel and Cox (2009) suggest that in order to have feasible, effective and high quality ideas in the top management group, a firm is advised to having people from different cultures in a group of people who predominantly have a similar culture in a group composition. Therefore, with a diverse top management team, various

valuable perspectives and knowledge can be shared for a better decision leading to better firm performance.

2.4 Summary of Knowledge Gaps

The summary of the literature review and their gaps are presented in Table 2.1. The table indicates the findings of the various related studies and how they differ with the current study.

Table 2. 1: Summary of Literature

Study	Objective	Methodology	Findings	Gap
Performance of a Firm and Racial Diversity: The Mediating capacity of Competitive Intensity among firms that are listed at the NYSE (Andreovski, et all (2014)	To examine the competitive intensity's mediating role in the connection between Solid business racial diversity and performance.	Content analysis	The competition of Racially different management the groups are more intense and behave well in generous environments.	The present study will employ a descriptive research design and its scope is within the hospital set-up
Sustainable Firm Performance through Top Management Team Diversity of Malaysian firms (Talke, Salomo, & Kock, 2011).	To determine the influence level of different diversities within the TMT toward firm financial, social, and environmental performance.	Adopted the Rasch Measurement Model analysis	The results show that different manager abilities such as Knowledge and experience in team decision making and problem solving skills.	Apart from a different methodology to be adopted by this study, the study will using the balance scored performance measures and thus excluding sustainability
Top management diversity: the moderating capacity of behavioral integration (Darmadi, 2013).	To determine how the top management tenure diversity influence firm of 300 randomly selected Chinese firms.	To examine our hypothesis, ordinary least square regression model was Used	The variety of TMT tenure diversity has no significant relationship with performance of the team ; i.e, it has a positive relationship with the performance of the team.	The current study will eases four different employee background diversity principle unlike the study which only assessed the TMT tenure.

			though at a decreasing marginal rate	
Organization Performance and Diversity of the senior management team; Functional base moderators. and the diversity of control locus (Dyer, 2011)	To examine the effect of TMT diversity on financial Performance of 33 information technology companies.	The study used questionnaires to collect data on functional background, locus of diversity and collaborative behaviour.	The study established that TMT's collaborative characteristic and exchange of information are relevant conditions to enhance the performance advantages of functional background diversity, but do not interact with LOC diversity	Unlike the current study that does not have a moderator, the study does not include a moderating effect but instead has dependent and independent variables.

2.5 Conceptual Framework

According to Miles and Huberman (1994) stated that a conceptual framework is a diagram or writing blueprint that elaborates, either in narrative or graphically format, the major points of concern to be studied, variables, the crucial elements, or ideas and the reputed associations among them". In the model presented in Figure 2.1, it is postulated that top management diversity influences the performance of the hospitals. The independent variables are represented by the top management educational background, functional, tenure, and social diversity.

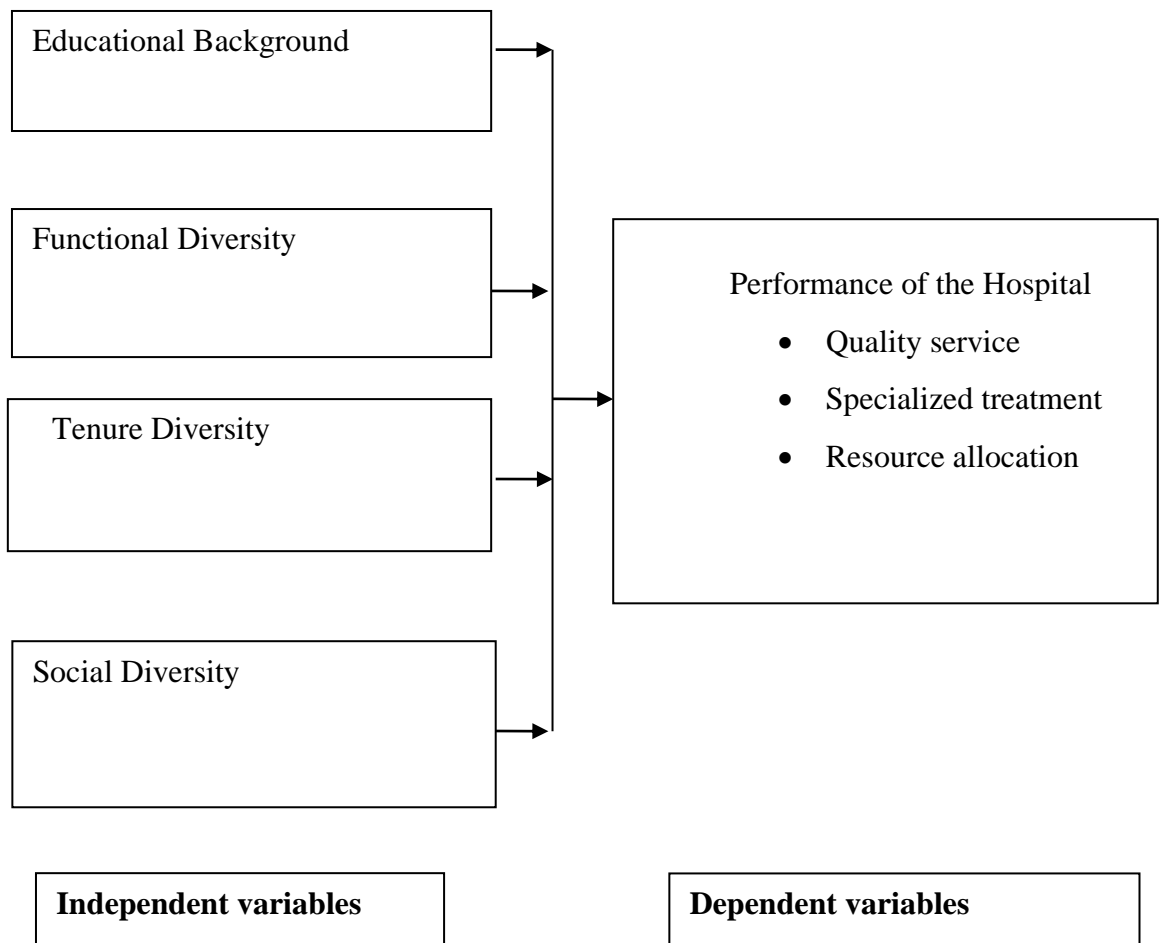


Figure 2.1: Conceptual framework

Source: Researcher (2018)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This study sought to determine the relationship between the diversity of the top management team and the performance of the levels four and five hospitals in Nairobi City County, Kenya. This chapter illustrates the methodology that was used to carry out the study. The chapter analyzes in detail the research project, the population and sampling design, the data collection procedures, the research procedures and the data analysis method.

3.2 Research Design

A research design can be defined as a well-organized set of conditions to guide the researcher in the collection and analysis of data in a way that provides meaningful evidence with the research topic (Tromp 2008).

The research adopted a cross-sectional survey design. This choice of adopting this research design is underpinned by three factors; the aim of the study, the time frame over which the collection of data was taken and the type of analysis. Cohen, Manion and Morrison, (2005) opine that a cross-sectional study is a study design that provides a ‘snapshot’ of a population at a specific point in time.

3.3 Population of the Study

The population of study can be defined as the entire group of objects or units that the researcher intends to draw conclusions. One of the cornerstone steps in coming up with a good research design is to define the population with respect to the objectives of the study.

The population of the study comprised of all the levels four and five hospitals operating in Nairobi City County. According to the KMPDB there are 5 level four and 17 level five hospitals operating in Nairobi, giving a total of 22 hospitals and all of them participated in the study, and hence the research was a census (Appendix II).

3.4 Data Collection

The study used primary data that was collected using a semi-structured questionnaire. The questionnaire contained open and closed questions (Appendix I). The closed questions helped to capture the results that can be quantified during the analysis. Open questions have helped to obtain answers that can be analyzed qualitatively and capture factors relevant to the study but cannot be set by structured questions. Respondents to the study were the human resource managers and finance managers of the respective hospitals. These groups of respondents are deemed to be knowledgeable on the research subject area. The researcher administered the questionnaires.

3.5 Data Analysis

Data analysis refers to all statistical techniques that summarize several measurements in each individual or object in the study, (Straub & Gefen 2005). Analysis was done using descriptive statistics. Descriptive statistics involves the determination of the mean and frequency distribution of the datasets. Once the data was collected, the questionnaire was modified to be precise, coherent and complete. The answers were coded in numerical form to facilitate the statistical analysis. The data collected were analyzed using descriptive statistics (measures of central tendency and measures of variance). The data was presented using tables, pie-charts and figures. The researcher further employed regression model to study the relationship between the top

management educational background, functional diversity, tenure diversity and social diversity.

The relationship was calculated in a simple linear equation and took the form:

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

Where,

Y	-	Hospital Performance
β_0	-	Constant term,
X1	-	Educational Background
X2	-	Functional Diversity
X3	-	Tenure Diversity
X4	-	Social diversity
ε .	-	Error Term

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

The objective of this research was to establish the impact of the diversity of the top management team on the performance of the levels four and five hospitals in Nairobi City County, Kenya. This chapter presents the analysis, results and discussion in line with the objective of the study. In addition, the analysis is presented in averages and standard deviations, while the results are presented in distributions and frequency tables.

4.2 General Information

The general information considered in this study included the gender interviewed, the age of the interviewee, the duration of the continuous service with the organization and the level of education. The completed questionnaires have been modified to be complete and coherent.

Table 4. 1: General Information

Gender	Frequency	Percent
male	13	48.1
female	14	51.9
Total	27	100.0
Age bracket		
18-30 yrs	8	29.6
31-40 yrs	11	40.8
41-50 yrs	8	29.6
Total	27	100.0
Length of continuous service with the organization		
0-3 yrs	11	40.7
4-5 yrs	4	14.8
over 5 yrs	12	44.4
Total	27	100.0

Education qualification		
diploma	9	33.3
degree	14	51.9
post graduate	4	14.8
Total	27	100.0

The results reported above indicate that the majority of respondents (51.9%) were women, while (48.1%) were men. This showed that the majority of respondents who participated in the study were women who worked. Similarly, it could be an indication that women workers could be the majority of the levels four and five hospitals in Nairobi. The results in Table 4.1 indicate that the majority (40.8%) of the respondents were between 31-40 years old and (29.6%) of the respondents between 41-50 years old and 18-30 years old. Cumulatively, more than 70% of respondents were between 31 and 50 years old, and this shows that young people embraced the diversity of the management team to improve hospital performance.

In regard to the work experience of the respondents in the industry, the findings in Table 4.1 indicated that the majority (44.4%) of the respondents had worked in the hospital for more than 5 years and (40.7%) had been at levels four and five hospitals for less than 3 years. The Respondents also indicated that (14.8%) of them had worked in the hospital for a period of 4-5 years. Therefore, the results shows that majority of the respondents have worked long term in levels four and five hospitals and, therefore, understand the impact of the diversity of senior management on performance.

Consequently, the findings on table 4.1 show that majority of the respondents (51.9%) had attained bachelor level while (33.3%) had attained diploma level. It is therefore presumed that they were knowledgeable to understand and answer the questions in the questionnaires appropriately. The rest of the (14.8%) of the respondent represented the post graduate level.

4.3.1 Policy that governs the need for top management diversity

The respondents were requested to indicate whether hospital have policy that governs the need for top management diversity. The result is presented in Table 4.2.

Table 4. 2: Policy that governs the need for top management diversity

	Frequency	Percent
Yes	23	85
No	4	15
Total	27	100.0

The results indicated that (85%) of the respondents were satisfied with the levels four and five hospitals having policy that governs the need for top management diversity while only (15%) of the respondent were not satisfied with the policy practice in levels four and five hospitals in Nairobi. This implies that the practice of policy roles in the hospitals satisfies the staff and facilitates improvement of performance.

4.3.2 Actions being implemented currently in the hospital towards enhancement of top management diversity

The respondents indicated that the management need to introduce training and recruitment of staff in different skills for easier management of the hospital. In addition, the respondents found that team building, communication and introduction of new system facilitates enhancement of top management. Similarly, it was found

that staff rotation, further studies to staff and equality on promotion also facilities enhancement of top management diversity. This means that levels four and five hospitals were in action to implement top management diversity to improve their productivity.

4.3.3 Role in the enhancement of the top management diversity goal

The respondents were requested to indicate if whether levels four and five hospitals practice the role in the enhancement of the top management diversity goal. The results were presented in Table 4.3.

Table 4. 3: Play a role in enhancement of Top Management Diversity

	Frequency	Percent
Yes	14	52
No	13	48
Total	27	100.0

The results indicated that (51.85%) of the respondents support that levels four and five hospitals have a role in the enhancement of the top management diversity goal while 48.15% considered themselves not to be supporters of the roles of top management diversity goal in the organization. This implies that the levels four and five hospitals practice the role the enhancement of the top management diversity goal to improve performance.

4.4 Top Management Diversity

This section of the questionnaire, which was required to obtain from the interviewees of the levels four and five hospitals, the following diversity of senior management. The interval was strongly disagreed (1) for "totally agree" (5). Therefore, we have

hypothesized that disagreements are represented by a variable with an average score between 0 and 2.4 on the Likert scale; ($0 \leq S.D < 2.4$). In addition, the researcher assumed that the "Neutral" took the variable with an average point of 2.5 to 3.4 in the Likert scale: ($2.5 \leq ME < 3.4$) while the score of both was strong according to the agreement and represented the variables whose average score was between 3.5 and 5.0 on a continuous Likert scale; ($3.5 \leq S.A. < 5.0$). A standard deviation of > 1.0 indicates a significant change in the effect of the questionnaire element among the respondents.

4.4.1 Education Level

It is associated with their improved cognitive capacity because a manager who possesses a higher level of educational prowess provides more information processing abilities and creativity.

Table 4. 4: Education Level

Statement	Mean	Std. Deviation
Educationally more diverse teams are better equipped to handle complex decision making situations for their departments	4.17	.687
The top management team is able to draw out implications for various strategies	4.09	.465
Top management team education level is a source of asymmetric information distribution	3.95	.769
Higher education degrees help managers develop strategic networks and network skills	3.81	1.111
Top management can tolerate ambiguity and be more skilled in complex situations	3.33	.974
Overall Mean	3.88	

From the study findings, the researcher found that the respondents suggested that the most diverse educational teams are better equipped to handle complex decision-making situations for their departments (Mean= 4.17, SD=.687). The results also indicate that the respondents appreciate that the top management team is able to draw implications for different strategies. (Mean=4.09, SD=.465) hence education level is a source of asymmetric information distribution (Mean=3.95, SD=.690). On the lower side of the continuum of educational level, the findings suggest that higher education qualifications help managers develop strategic networks and network skills.

(Mean=3.8148, SD=1.11068) which represented the highest standard deviation. Further, the study found that senior management is able to tolerate ambiguity and be more skilled in complex situations (Mean=3.33, SD=.974). This implies that in levels four and five hospitals education level has contributed to better performance through staffs being better equipped to handle complex decision making situations for their departments and top management team is able to draw out implications for various strategies.

The findings in Table 4.4 is highly supported by Lombard and Craford (2015) suggest that well educated managers are in a better position to draw out implications for various functions and formulate sub-level strategies and appropriately deal with employee's resistance to change that result from the introduction of various strategies that will affect their routine operations.

4.4.2 Other Educational diversity being pursued in the organization

The finding indicated that the staffs of levels four and five hospitals need to attend training and seminars relevant to their areas of specialization to improve performance.

In addition, the researcher found that introduction of education sponsor by organization, thus, improving the level of knowledge to the staff.

4.4.2 Functional Diversity

It initially alludes to the distinction of the experience in duties and management prior functions.

Table 4. 5: Functional Diversity

Statement	Mean	Std. Deviation
Diverse functional expertise at hospital brings diverse types of social capital, which helps firms in building their strategic posture	4.19	.736
The top management of the organization facilitates strategic organizational changes that improve the performance of the company	4.05	.769
The top management of the hospital is cognitively richer in information processing and decision making leading to better strategic decisions	3.92	.800
A functionally diversified board of management at the hospital positively impacts the wider image of the firm, and this in turn produces improved sustainable performance	3.77	.829
Functional diversity result in quick implementation of strategic plans at the hospital	3.46	.864
Overall Mean	3.92	

The study findings indicates that the diverse functional expertise at hospital brings different types of social capital, which means that it has a strategic posture (mean = 4.1852, SD = .73574), some suggest that the organization's top management facilitates

strategic organizational changes that then improve the performance of the enterprise (Mean=4.0481,SD=.76980). In addition, the study found out that the respondents established that hospital top management is cognitively richer when processing information and making decisions resulting in better strategic decisions (Mean=3.9181,SD=.80064). In regard on functionally diversified board of management at the hospital, this positively influences the wider image of the company, and in turn produces improved sustainable performance (mean = 3.7741, SD = .82862), moreover, translates into a rapid implementation of the hospital's strategic plans (Mean=3.4519,SD=.86397). This finding indicates that functional diversity contributes to organization strategic development thus improves the performance. In line with Smith et al. (2012) argued that functionally diversified board of management in an organization positively affects the broader image of the organization, and this in turn produces escalated firm performance

4.4.3 Top management functional diversity been reflected in the hospital

The finding indicated that levels four and five hospitals required team work and proper supervision of staff job in different departments will facilitate performance improvement. In addition, the study found that updated new technologies and job description enhances efficiency in service delivery to the clients. The respondent also found that proper standard of communication to the staffs and planning of organisation results in better performance.

4.4.4 Tenure Diversity

It refers to the extent of knowledge available to a top management team

Table 4. 6: Tenure Diversity

Statement	Mean	Std. Deviation
-----------	------	----------------

Having people from different cultures in a group leads to ideas of high quality, more effective and viable instead of having people of the same culture in a group.	4.007	.694
Top management team of the hospital is able to predict future scenarios as they deal with the internal and external environment	3.84	.808
Diversity in tenure increases the top management team's ability to perform strategic reasoning that guide the hospital to achieve its objectives by limiting the effects of the competitive pressures.	3.64	.980
The hospitals top management are able to formulate and implement more persistent strategies	3.46	.832
There is cohesion among the members of the management team in the organization, an indication that they have been accepted by the other team members.	3.28	.892
Overall Mean	3.74	

The findings show that having people from different cultures in a group leads to ideas of high quality, more effective and viable than to people who come from the same culture in a group (Mean=4.0074, SD=.69389). In addition, Top management team of the hospital is able to anticipate future scenarios when dealing with the internal and external environment (Mean=3.8370, SD=.80773) and diversity in tenure increases the top management team's ability to perform strategic reasoning that guide the hospital to achieve its objectives by limiting the effects of the competitive pressures (Mean=3.6370, SD=.97985). The respondent indicated that the hospitals top management are able to formulate and implement more persistent strategies (mean = 3.4584, SD = .83205), there is cohesion among the members of the management group in the organization an indication that they have been accepted by the other team members (Mean=3.2778, SD=.89156). From the findings, it can be concluded that

different cultures in organization lead to proper quality and effective feasible ideas as well as top management are able to predict the future scenarios of environment. The findings supports the suggestion by Horwitz and Horwitz (2009), recommend that a group with a most extreme measure of tenure diversity would have a team member in each group category of tenure and there is increase in capacity.

4.4.5 Social Diversity

It is readily observable differences among members of staff such as age, gender and sex which is readily seen to other organization members and reflect the social categorization process

Table 4. 7: Social Diversity

Statement	Mean	Std. Deviation
The organization top management come from diverse gender	3.97	.874
The top management of the organization come from different ethical background	3.74	.854
The top management are from different age groups	3.55	.961
The organization top management are a combination of both married and single persons	3.34	.656
The top management are from different racial background	3.282	1.014
Overall Mean	3.76	

From the study findings, it is found that the top management come from diverse gender (Mean =3.9741, SD=.87380) and also from different ethical background (Mean=3.7370, SD=.85402). The results also indicate that the respondents believed that top management are from different age groups (Mean=3.5548, SD=.96077) and are a combination of both married and single persons (Mean= 3.3407.SD=.65590). On

the lower side of the continuum of social diversity, the finding shows that top management are from different racial background (Mean=3.2815, SD=1.01414) with higher standard deviation shows that the respondents' answers were varied. This means that top management is developed from different perspective and they are the key to organisation monitoring and performance.

The findings in Table 4.7 support the position of Erhardt, Werbel and Shrader (2008) by studying previous studies on the importance of diversity on firm outcome conclude that ethnic diversities and gender is positively and significantly associated with financial performance of an organization.

4.5 Organizational performance

It is the capacity of a company to accomplish such targets as large margin of market share, appealing financial performance, high returns and survival at pre-decided time using significant system for operation.

Table 4. 8: Organizational Performance

Statement	Mean	Std. Deviation
Top management diversity is associated with quality service delivery in the hospital	4.01	.641
Increased collaboration with research, academic and government institutions because of the top management diversity	3.852	.770
Increased reputation of the hospital has been achieved courtesy of the top management diversity.	3.604	.775
Effective resource allocation has been realised out of the top management diversity in the hospital	3.436	.839

Top management diversity is related to specialization of the hospital to specific ailments	3.40	1.010
--	------	-------

Overall Mean	3.71
---------------------	-------------

From the study findings, the researcher found that the top management diversity is associated with quality service delivery in the hospital (Mean=4.0111, SD=.64051) and increased collaboration with research, academic and government institutions because of the top management diversity (Mean=3.8519, SD=.76980). In addition, the study found out that top management diversity led to increased reputation of the hospital (Mean=3.6037, SD=.77533), effective resource allocation (Mean=3.4296, SD=.83887) and is related to specialization of the hospital to specific ailments (Mean=3.3926, SD=1.00992). The results of the study support the view that indeed that an organization's top management characteristics has been advanced by the top echelon theory to have a significant effect on the performance of a firm because as supported by the resource dependency argument, an organization top management is a source of knowledge (Hambrick & Mason, 1984).

4.6 Regression analysis

The relationship between organizational performance and top management diversity dimensions was established by use of multiple regression analysis. The researcher utilized statistical package for social sciences (SPSS V 21.0) to input and run the study measurements. Coefficient of determination evaluates the degree to which variations in the independent variables explain deviations in the outcome variable or the variation proportion in the outcome variable (organizational performance) that is described by all the four explanatory variables.

4.6.1 Model Summary

Table 4. 9: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.854^a	.729	.679	.43591

a. Predictors: (Constant), education level, Functional diversity, Tenure diversity and social diversity

b. Dependent Variable: Organization performance

Table 4.9 above, shows model summary of regressed study variables. The correlation coefficient (R) value represents the degree and strength of association between predictor variable and the outcome variable. In this model therefore the coefficient of correlation is 0.854 which indicates a positive correlation between top management diversity and organization performance. The R Squared is the coefficient of determination which indicates the extent of the total variation in the dependent variable. From the above the R squared statistic gives the goodness of fit of the model which shows how good the regression model approximates the real data points. The R squared of this model is 0.729 implies that the model is a good fit of the actual data. The coefficient of determination of 0.854 implies that 85.4% of the variance in outcome variable (organization performance) is described by changes in the explanatory variables.

4.6.2 ANOVA

Table 4. 10: ANOVA

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.227	4	2.807	14.771	.000 ^b
	Residual	4.180	22	.190		
	Total	15.407	26			

a. Predictors: (Constant), education level, Functional diversity, Tenure diversity and social diversity

b. Dependent Variable: Organization performance

The model summary also indicates that the dependent variable (organization performance) is significantly predicted by the regression model. The statistical importance of the model of regression analysis that was computed is shown by the F test. The P=0.000, which is less than 0.05 imply that, generally the regression model significantly and statistically predicts the dependent variable that is good fit for the data.

4.6.3 Coefficients of correlation

Table 4. 11: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
	(Constant)	1.804	.849	2.125	.045
	Social diversity	.184	.131	.165	.174
1	Tenure diversity	-.421	.112	-.421	.001
	Functional diversity	.487	.105	.541	.000
	Educational level	.222	.111	.233	.059

a. Dependent Variable: Organizational performance

The overall equation model for predictor and outcome variables will take the following format.

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

$Y = 1.804 + 0.184X_1 + -.421X_2 + 0.487 X_3 + 0.222 X_4$. This implies that from the model, at any given point, organization's performances will be 1.804 units when all the predictor values are zero. The model demonstrates that when social diversity changes by one unit organization performance will increase by 0.184. In addition, when tenure diversity changes by one unit, organization performance will decrease by -.421 units. Similarly, when functional diversity changes by one unit organizations performance increases by 0.487 units. Furthermore, organizations performance will improve by 0.222 units if educational level is changed by one unit.

4.7 Discussion of Findings

The study consisted of establishing the relationship between the diversity of top management and the organizational performance of the four and five hospitals in Nairobi, Kenya. The study adopted four major top management diversity dimensions to come up with an instrument of collecting opinions from the employees of level four and five hospital in Nairobi, Kenya. These dimensions are educational level, functional diversity, tenure diversity and social diversity

From the study findings, the researcher found out performance in organisation require educationally more diverse teams are better equipped to handle complex decision making situations for their departments. Lombard and Craford (2015) suggest that well educated managers are in a better position to draw out implications for various functions and formulate sub-level strategies and appropriately deal with employee's resistance to change that result from the introduction of various strategies that will

affect their routine operations. In addition, it was also found that diverse functional expertise at hospital contributes different types of social capital, which helps companies to develop their strategic position and top management facilitates strategic organizational changes that improve business performance. Smith et al. (2012) argued that functionally diversified board of management in an organization positively affects the broader image of the organization, and this in turn produces escalated firm performance.

The study found that the different cultures in a group lead to ideas of high quality, more effective and feasible than having people who come from the same culture. Hence top management of level four and five hospitals was able to anticipate future scenarios when dealing with the internal and external environment. In addition, the top management comes from diverse gender and different ethical background.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND LIMITATION

5.1 Introduction

This section covers the summary of results, conclusions, limitations and recommendations in line with the subject of study that consists of establishing the impact of the diversity of the management team on the performance of the levels four and five hospitals in Nairobi City County, Kenya.

5.2 Summary of the Findings

The results reveal that most of the respondents have worked in the levels four and five hospitals for a prolonged period and, therefore, understand the impact of the performance management team. Further the study revealed that the respondents were knowledgeable on matters relating to top management diversity and organisational performance. Similarly majority of the respondents who participated in the process of research were found to be knowledgeable on the research subject matter.

The educational level shows that the different teams are better equipped to handle complex decision making situations for their departments. This is what most contributes the respondents who appreciate that senior management can generate implications for various strategies. Therefore, the level of education is a source of asymmetric information distribution that helps managers develop strategic networks and network skills.

The other diversity attribute of the firm's top management was functional expertise, which means that companies build their strategic position and the top management of the organization by facilitating strategic organizational changes that improve the

performance of the company. The Levels four and five hospitals executives are cognitively richer in information processing and decision making that lead to better strategic decisions. The company's larger image is also positive, and this in turn produces an improved sustainable performance.

The tenure of the top management revealed that people of different cultures in a group lead to ideas of high quality, more effective and viable instead of having people who belong to the same culture in a group. The top management of the organization is able to predict future scenarios when dealing with the internal and external environment. It also facilitates ability to perform strategic reasoning that guide the hospital to achieve its objectives by limiting the effects of the competitive pressures.

The social diversity also revealed that top management comes from diverse gender and different ethical background. The respondents supported in believe that top management are from different age groups and are a combination of both married and single persons.

5.3 Conclusions

Based on the results of the research and the theoretical discovery of other researchers, it can be concluded that the levels four and five hospitals board should strive to adopt fully the top management diversity in enhancing its performance. In addition, it should exploit the benefits of top management diversity in the facilitating organization performance through, education level which shows that diverse teams are better equipped to handle complex decision making situations for their departments. The results of this study reveal that the TM with the level of education of senior management can generate implications for several strategies. In the same way, in

functional diversity, they help companies to build their strategic position and facilitate strategic organizational changes to improve business performance.

The study also revealed that tenure of the top management indicate that people of different cultures in a group generate ideas of high quality, more effective and viable than having people of the same culture in a group.

In regard, to social diversity top management come from diverse gender and different ethical background. Hence the levels four and five hospitals should always stick to the goal of the organisation to improve performance

5.4 Limitations of the Study

The research was conducted among levels four and five hospitals in Nairobi City County, Kenya and whether its findings is in line with that of other parts of the country or neighboring countries will be able to be verified on the basis of other studies. Therefore, it will be necessary to test the study findings on a cross-country or region. The other limitation to the study is that limited variables were considered and it is possible that there are other factors that define a top management diversity and organization performance among the levels four and five hospitals. Other variables that encompass both endogenous and exogenous constructs which have been validated in previous research works should be considered in future research.

5.5 Recommendation and Policy Implications

The researcher recommends that the levels four and five hospital in Nairobi should enforce effectively the principles and policies that spearhead the process of top management diversity because it improves their performance. It is recommended therefore that for successful organization it should develop further its ability on top

management diversity and services offered by the hospital to create a sense of value which guarantees better performance.

The study also recommended on the functional diversity assist the business in building its strategic attitude and facilitating strategic organizational changes to improve business performance and there is need to emphasis on effectiveness performance in the organization

The findings of the study reveal a significant influence for those responsible for the composition of the top management diversity and for organization performance by confirming that top management diversity has significant effect on performance of an organization. Specifically, the study identifies educational level and functional diversity as having positive effects on organization performance. This implies that recruiting more educated people result to positive impact on the performance of organizations.

5.6 Suggestion for Further Research

Top management diversity such as educational level, functional, tenure and social change with time, yet the present findings are based on a cross-sectional study, a situation that provides only a snap-shot of top management diversity impact on firm performance. Therefore, a longitudinal research design can be the next step for further research to fully understand how the TM diversity affects the performance of a firm in other county levels four and five hospitals.

REFERENCES

- Abdullah, S., & Ku Ismail, K. (2013). Gender, Ethnic and Age Diversity of the Boards of Large Malaysian Firms and Performance. *Jurnal Pengurusan*, 38.
- Andrevski, G., Richard, O. C., Shaw, J. D., & Ferrier, W. J. (2014). Racial diversity and firm performance: The mediating role of competitive intensity. *Journal of Management*, 40(3), 820-844.
- Bantel, K. A & Jackson, L. W (2009). Strategic clarity in banking: Role of top management-team demography. *Psychological Reports* 73(3), 1187-1201.
- Barney J. (1991). Firm resources and sustained competitive advantage, *Journal of Management*, 17 (1), 99-120.
- Bell, S.T., Villado, A.J., Lukasik, M.A., Belau, L & Briggs, A.L (2012). Getting specific about demographic diversity variable and team performance relationships: A meta-analysis, *Journal of Management*, 37, 709–743,
- Cannella A. Jr., Park J. H. & Lee H. (2008). Top management team functional background diversity and firm performance: Examining the roles of team member co-location and environmental uncertainty, *Academy of Management Journal*, 51, (4), 768-784.
- Carson, C. M., Mosley, D. C. & Boyar, S. L. (2014). Performance Gains through Diverse Top Management Teams. *Team Performance Management: An International Journal*, 10(5/6), 121-126
- Certo, S. T., Lester, R. H., C., Dalton, M. & Dalton, D. R. (2012). Top management teams, strategy and financial performance: A meta-analytic examination. *Journal of Management Studies*. 43 813–839.
- Datta, D.K. & Rajagopalan, M.G (2012). Organizational fit and acquisition performance: Effects of post -acquisition integration. *Strategic Management Journal*, 12, 281-290.
- Darmadi, S. (2013). Do women in top management affect firm performance? Evidence from Indonesia., *Corporate Governance: The international journal of business in society*, 13(3), 288-304.
- Echoka, E., Kombe, Y., Dubourg, D., Makokha, A., Evjen-Olsen, B., Mwangi, M. & Mutisya, R. (2013). Existence and functionality of emergency obstetric

- care services at district level in Kenya: theoretical coverage versus reality. *BMC health services research*, 13(1), 113.
- Eisenhardt, K. M., & Santos, F. M. (2002). Knowledge-based view: A new theory of strategy? In A. Pettigrew, H. Thomas, & R. Whittington (Eds.), *Handbook of strategy and management*: 139-164. Thousand Oaks, CA: Sage
- Erhardt, N. L., Werbel, J. D., & Shrader, C. B. (2003). Board of Director Diversity and Firm Performance. *Corporate Governance: An International Review*, 11(2), 102-111.
- Dyer, J.H. & Nobeoka, K. (2010). Creating and managing a high-performance knowledge sharing network: The Toyota case, *Strategic Management Journal*, 21 (3), 345-367.
- Fauzi, H., Svensson, G., & Rahman, A. A. (2010). Triple Bottom Line” as “Sustainable Corporate Performance: A Proposition for the Future Sustainability, *Academic Management Review* 2(5), 1345-1360.
- Ferrero-Ferreroa, I., Fernandez-Izquierdo, M.A & Munoz-Torres, M.J (2015). Age diversity: An empirical study in board of directors, *Cybern. Syst.*, 46, 249–270
- Finkelstein S, Hambrick DC, Cannella AA Jr. (2009). *Strategic Leadership: Theory and Research on Executives, Top Management Teams, and Boards*. Oxford University Press: New York
- Godia, P. M., Olenja, J. M., Lavussa, J. A., Quinney, D., Hofman, J. J., & Van Den Broek, N. (2013). Sexual reproductive health service provision to young people in Kenya; health service providers’ experiences, *BMC health services research*, 13(1), 476
- Grant, R.M. (1996). Toward a knowledge-based theory of the firm’, *Strategic Management Journal*, Vol. 17, Winter Special Issue, 109-122
- Hambrick, D. C & Mason, P. A. (1984). Upper echelons: The organization as a reflection of its top managers. *Academic Management Review*. 9 193–206.
- Harrison, D.A & Klein, K.J (2010), What’s the difference? Diversity constructs as separation, variety, or disparity in organizations, *Academic Management Review*, 32,

- Harrison, D.A & Sin, H. S. (2010). *What is diversity and how should it be measured?'' in Handbook of Workplace Diversity*, A.M. Konrad, P. Prasad, and J. K. Pringle, Eds. Newbury Park, CA, USA: Sage,
- Horwitz, K.J & Horwitz, I.B (2009). The effects of team diversity on team outcomes: A meta-analytic review of team demography,” *Journal of Management*, 33, 967–1015,
- Jackson S, May K.E, & Whitney K (2003). Understanding the dynamics of diversity in decisions making teams’. In R. A. Guzzo and E. Salas (eds.), *Team Effectiveness and Decision Making in Organizations*. Jossey-Bass, San Francisco, CA
- Jackson S., Joshi A. & Erhardt N. (2010). Recent research on team and organizational diversity: SWOT analysis and implications, *Journal of Management*, 29 (6), 801-830
- Kunze, K. Walters, B. A., & Le Son, A. (2013). Gender influences in decision making processes in top management teams. *Management Decision*, 41(10), 1024-1034.
- Lombard, C. and Crawford, J. L. (2015), Joint effects of group efficacy and gender diversity on group cohesion and performance, *Applied psychology: An International Review*, 53, 136- 154.
- Manolova, T.S., & Manev, I. M., (2006). Breaking the Family and Friend’s Circle: Predictors of External Financing Usage among Men and Women Entrepreneurs in a Transitional Economy. *Venture Capital*, 8(2), 109-132.
- Miller, T., & Triana, M. C. (2009). Demographic diversity in the boardroom: Mediators of the board diversity–firm performance relationship. *Journal of Management Studies*, 46: 755-786.
- Milliken F. & Martins L. (1996). Searching for common threads: understanding the multiple effects of diversity in organizational groups, *Academy of Management Review*, 21(2), 402-434
- Muhamad, N., & Auzair, S. M. (2014). Sustainability Performance Measurement System: A Preliminary Finding. In *International Management Accounting Conference VII*
- Ndambuki, J. (2013). The level of patients’ satisfaction and perception on quality of nursing services in the Renal unit, Kenyatta National Hospital Nairobi, Kenya. *Open Journal of Nursing*, 3(02), 186.

- Nielsen, S. (2010). Top management team diversity: A review of theories and methodologies. *International Journal of Management Reviews*, 12, 301-316.
- Ojakaa, D., Olango, S., & Jarvis, J. (2014). Factors affecting motivation and retention of primary health care workers in three disparate regions in Kenya. *Human resources for health*, 12(1), 33
- Reus, A.L., Ranft, B.T. & Adams, G.L., 2009. An interpretive systems view of knowledge investments, *Academy of Management Review* 34 (3), 382–400.
- Schweiger, D. M., Sandberg, W. R., & Ragan, J. W. (2010). Group Approaches for Improving Strategic Decision Making: A Comparative Analysis of Dialectical Inquiry, Devil's Advocacy, and Consensus. *Academy of Management Journal* 29(1), 51-71
- Shin, P.S. (2014). Showcasing Diversity. *NCL Rev.* 89: 1017.
- Smith, Nina, Valdemar Smith, & Mette Verner. (2012). Do women in top management affect firm performance? A panel study of 2,500 Danish firms. *International Journal of Productivity and Performance Management* 55.7: 569-593.
- Sudhinaraset, M., Ingram, M., Lofthouse, H. K., & Montagu, D. (2013). What is the role of informal healthcare providers in developing countries? A systematic review. *PloS one*, 8(2), 549 - 78.
- Talke, K., Salomo, S., & Kock, A. (2011). Top Management Team Diversity and Strategic Innovation Orientation: The Relationship and Consequences for Innovativeness and Performance. *Journal of Product Innovation Management*, 28, 819–832.
- Turner, J. C., & Oaks, P. J. (1986). The significance of the social identity concept for social psychology with reference to individualism, interactionism, and social influence. *British Journal of Social Psychology*, 25, 237–252.
- Van Weele, A. J. (2006). *Purchasing & Supply Chain Management: Analysis, Strategy, Planning and Practice* (4th ed.). Australia: Thomson
- Yi, Y., Achidi N., A., He, X & Wei, Z (2018). Top Management Team Tenure Diversity and Performance: The Moderating Role of Behavioral Integration, *IEEE Transactions on Engineering Management*, 4 (3), 124 -134

Appendix I: Questionnaire

This questionnaire is designed to gather information on the role of top management diversity on performance of Level Four and Five hospitals in Nairobi, Kenya and is purely for academic purposes. Kindly provide information to all items in the questionnaire by putting a tick (✓) on one of the options. For questions that require your own opinion, fill in the blanks. (.....)

SECTION A: GENERAL INFORMATION AND BIO DATA

1. What is your gender?

- a) Male b) Female

2. What is your age bracket?

- a) 18-30 years b) 31 - 40 years c) 41 - 50 years
d) 51-60 years

3. What is your department?

4. What is your current designation?
.....

5. For how long have you been working at the current hospital?

- a) 0-3 years b) 4-5 years c) Over 5 years

6. What is your highest academic qualification?

- a) Primary b) Secondary c) Diploma d) Degree
f) Post Graduate

SECTION B: GENERAL INFORMATION ON TOP MANAGEMENT DIVERSITY

7. Does your employer (Hospital) have a policy that governs the need for top management diversity?

- a) Yes b) No

8. What actions are being implemented currently in the hospital set-up that are geared towards enhancement of the top management diversity?

.....

9. Do you have a role in the enhancement of the top management diversity goal?
 Yes [] b) No []

SECTION C: TOP MANAGEMENT DIVERSITY

10. Please complete this part by ticking (√) the appropriate response to each statement: The following five-point Likert-Scale is used:
 (1) Strongly disagree ; 2) Disagree ; 3) Neutral; 4) Agree; 5) Strongly agree

a) Education Level

	Statement	1	2	3	4	5
1	The top management team is able to draw out implications for various strategies					
2	Top management team education level is a source of asymmetric information distribution					
3	Top management team is able to tolerate ambiguity and to show themselves to be more able in complex situations					
4	Higher educational qualifications help managers to develop strategic networks and network competence					
5	Educationally more diverse teams are better equipped to handle complex decision making situations for their departments					

What other educational diversity is being pursued in the organization?

.....

b) Functional Diversity

	Statement	1	2	3	4	5
1	The hospital top management is cognitively richer when processing information and making decisions resulting in better strategic decisions					
2	Diverse functional expertise at hospital brings diverse types of social capital, which helps firms in building their strategic posture					

3	Functional diversity result in quick implementation of strategic plans at the hospital					
4	The organization top management facilitates strategic organizational changes that then improve firm performance					
5	A functionally diversified board of management at the hospital positively impacts the wider image of the firm, and this in turn produces improved sustainable performance					

How else has top management functional diversity been reflected in the hospital?

.....
.....
.....

c) Tenure Diversity

	Statement	1	2	3	4	5
1	Top management team of the hospital is able to predict future scenarios as they deal with the internal and external environment					
2	The hospitals top management are able to formulate and implement more persistent strategies					
3	There is cohesion among top management team in the organization an indication that they have been accepted by other team members					
4	Diversity in tenure increases the top management team's ability to perform strategic reasoning that guide the hospital to achieve its objectives by limiting the effects of the competitive pressures.					
5	Having people from different cultures in a group leads to high quality, more effective and feasible ideas than having people predominantly from the same culture in a group.					

d) Social Diversity

	Statement	1	2	3	4	5
1	The top management of the organization come from different ethical background					
2	The top management are from different racial background					
3	The organization top management come from diverse gender					
4	The top management are from different age groups					

5	The organization top management are a combination of both married and single persons					
---	--	--	--	--	--	--

SECTION D: TOP MANAGEMENT TEAM DIVERSITY AND ORGANIZATIONAL PERFORMANCE

11. Indicate the extent to which the following hospital performance has been affected by diversity of the top management team? Where, 1= Not at all; 2 = Remotely; 3 = Moderately; 4 = Considerately; 5 = Greatly

	Statement	1	2	3	4	5
1	Top management diversity is associated with quality service delivery in the hospital					
2	Top management diversity is related to specialization of the hospital to specific ailments					
3	Effective resource allocation has been realised out of the top management diversity in the hospital					
4	Increased collaboration with research, academic and government institutions because of the top management diversity					
5	Increased reputation of the hospital has been achieved courtesy of the top management diversity.					

THANK YOU SO MUCH FOR YOUR TIME

Appendix II: List of Levels Four and Five hospitals in Nairobi

Name	Location
Level Five Hospitals	
1. The Aga khan Hospital	Parklands
2. Guru Nanak Hospital	Pangani
3. MP Shah Hospital	Parklands
4. The Nairobi Women’s Hospital-Hurlingham	Hurlingham
5. The Nairobi Women’s Hospital-Adams Arcade	Adams Arcade
6. Metropolitan Hospital	Eastlands
7. Nairobi Hospital	Nairobi
8. Nairobi West Hospital	Nairobi West
9. Mariakani Cottage Hospital	South B
10. Karen Hospital	Karen
11. Avenue Hospital	Parklands
12. Gertrudes Garden Children’s Hospital	Muthaiga
13. Mater Misericordiae Hospital	Industrial Area
14. Coptic Church Nursing Nairobi	Ngong Road,
15. Nairobi Equator Hospital	Nairobi West
16. Bristol Park Hospital	Nairobi-Tasia
17. Kenyatta National Hospital	Nairobi
Level Four Hospitals	
1. Mbagathi District Hospital	Mbagathi
2. Dagoretti Sub-District Hospital	Dagoretti
3. Embakasi District Hospital	Embakasi
4. Kayole II Sub – District Hospital	Kayole
5. Mama Lucy Hospital	Umoja III

Source: Ministry of Health (2018)