

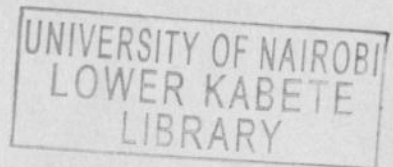
**FACTORS INFLUENCING RELATIONSHIP BETWEEN TOP
MANAGEMENT TEAM DIVERSITY AND PERFORMANCE OF
COMMERCIAL BANKS IN KENYA**

BY

CECILIA MBINYA MUTUKU

**A Thesis Submitted in Fulfillment of the Requirement for the Award of Degree
of Doctor of Philosophy in Business Administration, School of Business,
University of Nairobi**

NOVEMBER 2012



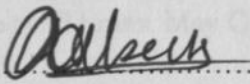
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DECLARATION

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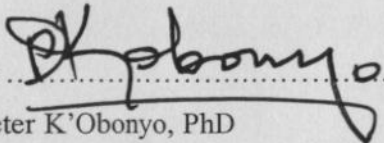
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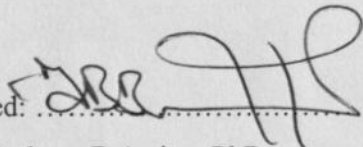
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DEDICATION

I dedicate this thesis to my loving family members: Boniface Mutuku, my loving husband, my dear and lovely children, Linnet, Robert, Michelle and Mark Mutuku. Special dedication to my late parents, Albert Mutyauvyu and Rosemary Kathoki. Thank you for standing with me, believing in me and supporting me at all times. May God our loving Father bless you all!

Special thanks to Prof. N. O. Mwangi and Prof. Martin Ogutu for their support. I also acknowledge my former and colleagues, especially Dr. Mary Mwangi, Dr. Makeni Mwachira and Agnes Mwangi for their dedication and encouragement. To my other PhD colleagues, thanks so much for being there to walking the journey.

Thanks to all Heads of Human Resources in commercial banks in Kenya who took time to respond to the questionnaires. Special thanks to Master Consultants who coded the questionnaires and designed the computer program for data analysis. Thanks to Beatrice who was my dedicated Research Assistant. My gratitude goes to my colleagues at work, specifically Dr. Joseph Sokoja for giving me time off which made all the difference. To my secretary, Roseline Mikiro and other colleagues, Caroline Githinji, Rita Chirwa and Mary Mutunga, thanks so much for standing with me when the going got tough. Thanks to Shadrack Njiru, Charles Njiru and Joshua Wanjau for facilitating my work.

Special gratitude to my family and most specifically to my husband, Boniface Mutuku for his love, support and granting me all necessary resources including peace of mind, moral and financial support. Special thanks to my dear children, Linnet, Robert, Michelle and Mark for understanding their mother. Thanks to my brothers, sisters and in law and specifically Margaret Mwangi and Ann Esther Wanjau for their encouragement. Above all, I thank God Almighty whose love and mercy endures for ever for putting everything in place for me and making it possible. To God be the Glory!

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CP	Cultural Perspective
DM	Diversity Management Strategies
DTI	Diversity-Related Institutional
FD	Financial Flow
MO	Market Orientation Opportunities
FP	Financial Perspective
HR	Human Resources
IBP	Internal Business Process Perspective
IC	Involvement Culture
LGP	Learning and Growth Perspective
OP	Organizational performance
QD	Quality of Decisions
ROA	Return on Assets
ROE	Return on Shareholder Equity
ROI	Return on Investment
SES	Smart Strategic Services
TMT	Top Management Team

ABBREVIATIONS AND ACRONYMS

AA:	Affirmative Action
ATM:	Automated Teller Machines
AT&T:	American Telecommunication
CP:	Customer Perspective
DMS:	Diversity Management Strategies
DTMs:	Deposit Taking Microfinance Institutions
DY:	Dividend Yield
EEO:	Equal Employment Opportunity
FP:	Financial Perspective
HR:	Human Resources
IBPP:	Internal Business Process Perspective
IC:	Involvement Culture
LGP:	Learning and Growth Perspective
OP:	Organization performance
QD:	Quality of Decisions
ROA:	Return on Assets
ROE:	Return on Shareholder Equity
ROI:	Return on Investment
SMS:	Short Message Services
TMT:	Top Management Team

ABSTRACT

There have been different findings as to whether Top Management Team Diversity affects the performance of organizations. Some past studies have found that the characteristics of the Top Management Team influence the performance of organizations while others have found that they do not. This study, which is founded on the Upper Echelon Theory, investigated the effect of TMT diversity on organization performance. Some researchers have suggested that top management characteristics, specifically their demographic characteristics could impair decision making and thus organization performance. Others have shown that workforce diversity can lead to positive organizational outcomes such as increased morale, higher satisfaction, greater commitment and improved performance. As a result, the study sought to find out the effect of TMT diversity in the performance of commercial banks in Kenya. The target respondents were the Heads of Human Resources in all the banks and out of the 43 targeted banks, thirty three responded which was a good response rate of seventy seven percent. The questionnaire was the main tool of data collection. The data was analyzed using descriptive statistics and regression analyses. The TMT diversity attributes under study were age, gender, academic qualifications, tenure in the bank and at the top, professional and functional background diversity. The balanced score card which has four perspectives, namely financial, customer, internal business processes and learning and growth, was used as the measure for performance. The study also used secondary data obtained from the Banking Survey of Kenya to measure performance in terms of increase in customer deposits, increase in average assets and profit before tax. The study found that diversity in tenure in bank service by the TMT had a significant effect in the quality of decisions made. The study also found that the quality of decisions have a significant effect on the internal business processes and learning and growth perspectives of the balanced scorecard. However, most of the factors making up TMT diversity, namely gender, age and tenure at the top management have a negative effect on quality of decisions and also the performance of banks. Past studies have however shown that the question as to whether diversity leads to organization performance depends of the performance measures used. Since past studies

have shown mixed results in the effect of TMT diversity on organization performance, the study sought to find out under which conditions this effect was significant. As a result, an intervening variable, quality of decisions and two moderating variables, namely involvement culture and diversity management strategies were introduced to the equation. The study found that the two moderating variables had a significant effect on the relationship between TMT diversity and quality of decisions and TMT diversity and organization performance. Studies on diversity are usually not easy to undertake because of the emotions which it evokes and also due to legal issue in some countries. This was not an exception in the study which focused on commercial banks which are mostly privately owned. Since most organizations have diversity at the TMT, they need to make deliberate efforts and invest in good management practices which enhance organization performance. Future researchers can concentrate on other diversity attributes like religion, race and ethnicity to find out how they affect quality of decision and organization performance. Future studies can also use other moderators to find out if they influence or not the relationship between TMT diversity and the quality of decisions and organization performance. Results from a similar study in public institutions, especially parastatals in Kenya will be interesting as they will show the extent of gender representation at all levels of the organizations since the implementation of the new constitution in August 2010.

CHAPTER ONE

INTRODUCTION

This chapter presents the background of the study and a description of the key variables, namely Top Management Team (TMT) diversity and organization performance. In brief, the chapter also gives highlights on involvement culture, diversity management strategies and a review of the commercial banks in Kenya. In addition, the chapter presents the statement of the problem, the objectives and the value of the study.

1.1 Background of the study

As organizations increasingly operate in a multinational and multicultural context, understanding how diversity in the composition of organization group affects outcomes such as satisfaction, creativity, turnover and performance is of increasing importance (Johnston & Packer, 1987). Top Management Team and their importance as potential determinants of organization performance continue to be a focus of strategic management researchers (Carson, Mosley & Boyar, 2004). Morison (1992) argued that organizations need to become more diverse in respect to their employees' characteristics to match the diverse backgrounds represented in their markets. The potential cognitive benefits of having a heterogeneous group stem from the argument on the impact of diversity on creativity (Hoffman & Maier, 1961) and requisite variety.

Researchers have argued that in service industries like banks where competition is stiff and new players enter easily, there is a constant need to think strategically. According to Milliken and Martins (1996), diverse groups may make higher quality decisions. Organizational scholars (Cox, Lobel & Mclead, 1991) have illustrated that demographic characteristics of TMT have the potential to result in strategic decision making, greater creativity, more innovation and the ability to reach more and different types of customers, which is important in the banking sector. Proponents of diversity maintain that different opinions provided by diverse groups lead to quality decisions (Cox, 1993; McLeod & Lobel, 1992) as diverse teams are able to produce a wider range of solutions and decision criteria for strategic decisions.

Other researches however indicate that demographic variation signals variation in underlying and invisible cognitive processes. As a result, the decision making process by the Top Management Team can be a source of strife as many decisions are decided by majority vote. This type of decision often leads to 'winners' and 'losers'. The significant potential for conflict within TMT diversity can thus slow down the decision making process resulting to inability to remain competitive. An organizational culture which involves the executives as well as employees may lead to commitment and a strong sense of ownership. The people feel that they have input into decisions that will affect their work and see a direct connection to the goals of the organization (Fey & Denison, 2003).

Irrefutable measurable benefits can also be derived from properly implemented policies and strategies to promote diversity management (Jamrog, 2002). The most evident measurable benefits are improved bottom line, competitive advantage, superior business performance, employee satisfaction and loyalty, strengthened relationship with multicultural communities and attracting the best and the brightest candidates (Ashforth & Mael, 1989). Barney and Wright (1998) noted that in order for human capital to contribute to sustainable competitive advantage, it must create value, remain hard to imitate and appear rare. The current study focuses on the relationship between Top Management Team diversity and organization performance in the Commercial Banks in Kenya. The relationship is moderated by diversity management strategies and involvement culture.

1.1.1 Top Management Team diversity

Carson et al., (2004) defined diversity as any attribute that humans are likely to tell themselves that another person is different from them while Miller, Linda and William (1998) defined the Top Management Team as all executives who report to the Chief Executive Officer or Chief Operating Officer. Researchers have categorized diversity in different ways.

One distinction is between diversity on observable or readily detectable attributes such as age and gender and diversity in respect to less visible or underlying attributes, such as education, functional backgrounds, and tenure in the organization, personality and values (Cumming, Zhou & Oldham, 1993; Tsui, Egan & O'Reilly, 1992).

The Top Management Team diversity discussed in the study is the extent to which the executive team is heterogeneous with respect to gender, age, academic qualifications, tenure, professional qualifications and functional back grounds. Simons, Pelled and Smith (1999) studied the same factors of TMT diversity with the exception of gender and professional qualifications. Diversity is an increasingly important factor in organizational life as organizations worldwide become more diverse in terms of gender, race, ethnicity, age and other characteristics (Shaw & Barrett-Power, 1998).

Hamrick and Mason, (1984) argued that TMT diversity would be best able to manage turbulent complex environments since team member differences may stimulate debate about the appropriate strategy, allow them to generate greater range of strategic alternatives and collectively better evaluate the feasibility of such alternatives. Bantel and Jackson (1989) concluded that when solving complex, non routine problems, groups are more effective when they comprise individuals with diverse skills, knowledge, abilities and perspectives.

Pfeffer, (1983) found out that increases in TMT diversity enhances the organizations ability to acquire critical resources. Top Management Team diversity however comes with some challenges as initial conflict arises as the teams set norms (Carson et al., 2004). In order for teams to be efficient and effective, they must be able to reach a consensus regarding group decisions (Coll & Tucci., 2001).

1.1.2 Organization performance

Businesses today are faced with an increasingly competitive environment. To cope with this competition, organizations must be more adaptive. The performance of an organization can be measured in various ways which include qualitative and quantitative. One measure breaks down organization performance in to two broad ways.

Firstly, some assess the stewardship of the top management or how efficient the organization utilizes its resources to produce a profit. Since the period considered is usually brief, these measures can be interpreted as indicators of how well fitted the organizational is to present conditions (Murray, 1989).

The second set of measure is based on the prevailing price of an organization's stock. The efficient markets hypothesis states that the stock price multiplied by the number of shares outstanding is the best available estimate of the true value of an organization (Murray, 1989). Some studies have shown that team heterogeneity had opposite effects on performance depending on the measure of heterogeneity selected (Wiersema, 1992).

Other studies especially in the service sector have measured performance based on employee productivity (Orlando, 2000). This is an important performance criterion in banks because human labor costs are high and is calculated as the logarithm of net income per employee per year. This measure reflects employee efforts disassociated from variations in product and capital markets (Jackson & Packer., 1987). Qualitative measures can be considered under outcomes which have affective (satisfaction, commitment, turnover, role conflict and group social integration), cognitive (innovation, range of perspective, number and quality of ideas) symbolic (behavior of lower level employees) and communication (communication with group members) consequences. Comparative performance can be measured in terms of an organization's current performance relative to other organizations in its industry in terms of product quality, employee morale, on time delivery, inventory management and employee productivity (Milliken & Martins,1996)

Hopkins and Hopkins (1997) used three measures in the financial performance of banks, namely, profits (or net income) as also used by Ansoff (1991), return on investment and return on shareholder equity (ROE). Bird (1991) also supports this measure. Deposit growth is another measure (Gup & Whitehead, 1989) which is unique to banking and related financial services industries. It is measured as the deposit percentage change in consumer deposits from one year to another. Dalaney and Huselid (1996) used both financial and non financial indicators.

The financial indicators were a percentage growth in sales, labeled as sales growth and percentage profit margin labeled as profitability. They used public image and goodwill, quality of services and efficiency of operations as the non financial indicator.

The Top Management Team understands that organizational measurement system strongly affects the behaviors of management and employees. The TMT also understand that traditional financial measures like return on investment and earnings per share can give misleading signals for continuous improvement and innovation (Kaplan & Norton, 1992). As managers and academic researchers have tried to remedy the inadequacies in performance measurement systems, some have focused on making financial measures more relevant while others improve on operational measures such as cycle time and defect rates. Kaplan and Norton (1992) thus introduced the concept of a Balanced Scorecard as a basis for a strategic management system. This approach not only included financial and non financial aspects but also blended business strategies into management systems.

1.1.3 Diversity Management Strategies

Diversity Management means establishing a heterogeneous workforce to perform to its potential in an equitable work environment where no member or group of members has an advantage or disadvantage (Torres & Bruxelles, 1992). Diversity Management strategies include creating and maintaining an environment that naturally allows all individuals to reach their full potential in pursuit of organizational objectives (Thomas, 1994). Through the key human resource functions of recruitment and selection, training and development, performance management and remuneration, an organization will have a competitive advantage. Potential benefits of diversity management include better decisions, higher creativity and innovation and greater success in marketing to the minorities (Jain & Anil, 1996).

Individuals from minority groups face challenges everyday dealing with prejudice, discrimination and stereotyping. Webber (1984) defined prejudice as an adverse opinion or judgment formed beforehand or without full knowledge or complete examination of the facts; a preconceived idea or bias which can either be positive or negative. Webber (1984) defined discrimination as making a clear differentiation and acting on the basis of prejudice.

Cox (1993) stated that stereotyping is a factor in lower acceptance of minority group members as leaders, job segregation based on identity, and differences in hiring and performance ratings between majority and minority group members. Up until the 1990s, much of the research relating to diversity focused on affirmative action, equal employment opportunity (EEO) and representative bureaucracy (Pitts, 2009). The approach was mainly due to legal reasons with little emphasis on management that might help promote outcomes for diverse employees. Roosevelt (1990) was one of the first to bring attention to diversity management, calling organizations to draw on diversity as a strength and competitive edge.

1.1.4 Involvement Culture

The culture of an organization is the psychology, attitudes, experiences, beliefs and values of that organization. These values and norms are shared by the people and groups in the organization and control the way they interact with each other and with stakeholders (Wikipedia, 2010). Culture can be classified in many ways depending on the dimensions of its variations. Human resource practices typically reflect and reinforce national culture and organizational culture. Because culture is a complex phenomenon, ranging from underlying beliefs and assumptions to visible structures and practices, some researchers question as to whether culture can be measured in a comparative sense.

The empirical literature on organizational culture can be traced back to organizational theorists like Likert (1961). Researchers have presented empirical culture studies which have relied on quantitative survey data to characterize and compare organizational cultures (Hofstede, 1991; O'Reilly, Caldwell & Barnett, 1991). Corporate culture affects how an organization copes with competition and change, whether in terms of technology, economics or people.

Culture gives people a sense of who they are, how they should behave and what they should be doing (Harris & Moran, 1989). Both quantitative and qualitative studies have been undertaken to study organizational culture and effectiveness based on the four traits of involvement, consistency, adaptability and mission. Two of the traits (involvement and adaptability) are indicators of flexibility, openness and responsiveness and are strong indicators of growth. The other two traits (consistency and mission) are indicators of integration, direction and vision and are better predictors of profitability. Each of the four traits are also significant predictors of other effectiveness criteria such as quality, employee satisfaction and overall performance (Denison & Aneil, 1995). The study will specifically focus on involvement traits which are reflected in participative management.

1.1.5 Quality of Decisions

Top Management Teams make strategic decisions and the quality of these decisions influence organization performance. Quality decisions are the ones that consider all issues deserving thought with respect to the situation. They depend on thoroughness. Researchers have found that group process conflict is multi dimensional in that cognitive conflict can improve decision quality, whereas effective conflict may weaken group relations by generating acrimony. Timely, high quality decisions that enjoy the understanding and acceptance of those who will implement them are the hallmark of an effective TMT. A team's cognitive capability is related to its cognitive diversity as diversity provides a resource of capabilities upon which the team can draw when making complex decisions.

Research findings indicate that TMT with diverse capabilities make more innovative and higher quality decisions than teams with less diverse capabilities (Bantel & Jackson, 1989). However, the quality of decisions depends heavily upon the process that the group actually employs. Rigorous debate of different and opposing positions produces a synthesis that is qualitatively superior to either of the initial positions. If group members sense that their own interest are at risk, they may undermine, sabotage or delay implementation of the decision. Top Management Teams make strategic decisions by combining their diverse cognitive capabilities with an interactive process resulting in the byproducts, quality decisions and satisfaction.

1.1.6 The Commercial Banks in Kenya

As at 31st December 2010, the banking sector in Kenya comprised of 44 banking institutions of which 43 were commercial banks while 1 was a mortgage finance company. The sector witnessed an increase in the branch network from 930 branches in June 2009 to 1,063 in December 2010. Sixty Seven (67) new branches were opened in 2010 while the Automated Teller Machines (ATMs) increased from 1,717 in December 2009 to 1,979 in December 2010 (Central Bank of Kenya Annual Report, 2010).

The banking sector is the bond that holds the Kenyan economy together. In the wake of global financial crisis and economic recession, commercial banks in Kenya have been operating in a challenging business environment. The global financial crisis is evidenced by weakening of the Kenyan Shilling as foreign exchange reserves dwindle together with subdued demand for loans for both import and export businesses. The sector is also faced with competition from mobile banking offered by the telecommunication sector especially in the rural areas. To survive in the competitive environment, commercial banks in Kenya may be aided by attracting, selecting and retaining demographically diverse managers.

Past research findings indicate that diversity in the TMT enhances creativity, innovation and quality of decisions. Recent trends in banks, such as integrated product development are based on the premise that organizations are more efficient if they bring together diverse set of experts to solve complex problems (Krishna et al., 2005). Diversity is also known to have important effects on organization's outcomes because the composition of TMT has symbolic significance to both internal and external stakeholders (Ely, 1994; Hambrick, 1994; Pfeffer, 1981; Orlando, 2000). This means that new employees and customers are attracted to banks whose TMT characteristics are similar to theirs.

Investment in Technology propels the banks to offer innovative products and services which include flexible banking hours, wider reach in terms of delivery of banking services and competitive pricing. In May 2010, agent banking was introduced whereby banks were allowed to engage third parties to offer specified banking services.

This was in a bid to cut costs, enhance efficiency and increase access of financial services. Credit information sharing was also introduced in July 2010. This process enables banks to share credit information on their customers to facilitate better assessment of the risks associated with prospective borrowers. E banking services which include the electronic transfer of funds between accounts, payment of utility bills, airtime top up, balance enquiries, loan application and cheque book requests have been introduced. It is expected the products will play a significant role in expanding access to affordable financial services by the general public as well as reduction of banking costs to the banks' customers (Central Bank of Kenya Annual Report, 2010).

1.2 Research Problem

Effective human resources strategies recognize that people from different backgrounds can bring new ideas to the workplace. The available research indicates that higher levels of Top Management Team diversity leads to executive creativity, more effective decision making and more positive organizational outcomes (Kochan et al., 2003). Organizations can benefit from Top Management Team diversity by creating an environment that attracts people from diverse labour markets and recruits the best regardless of ethnicity, gender or age. Kochan, Bezrukoza, Ely, Jackson, Joshi, Jenn, Jonathan, Levine and Thomas, (2003) established the importance and value of organization- wide, diversity-sensitive managerial strategies, human resource policies and organizational culture.

Other studies have, however, shown a negative relationship between diversity and performance. Greenhaus, Parasuraman and Wormley (1990) found that diversity leads to lower career satisfaction and organizational commitment while Tsui et al. (1992) found that minorities in teams were less committed to the organization, more likely to be absent from work and more active in search of other employment. Organizations can however, overcome these problems by promoting progressive human resource practices that encourage involvement and participative decision making as it leads to job satisfaction.

According to Denison and Aneil (1995), management practices fostering participation, autonomy and creativity are closely correlated with objective indicators of organization performance. Banks in Kenya are known to be dynamic in terms of management practices due to the stiff competition in the market. To enhance their competitive advantage, some have invested in mentorship programmes for women and Executive Management Development programmes for younger managers. Banks in Kenya are also known to recruit diverse employees in terms of professional backgrounds and train them to fit into their cultures. Advancement to the top is usually determined by merit unlike the public service where years of experience are very crucial.

The study focused on commercial banks in Kenya to determine if the diverse TMT enables them to be more creative, develop innovative products, make important decisions and improve on efficiency as supported by past studies in the banking sector. Bantel and Jackson (1989), for example found that innovation was greater in banks headed by more educated managers coming from more functional backgrounds. Pitts (2009) found that diversity management was positively and strongly related to job satisfaction and perceptions of work group performance. Since the banks are quite diversified, they are likely to face problems if the diversity is not well managed. Banks should therefore, have diversity management strategies which attract and retain the best.

Carson et al. (2004) found that organizations that do not attempt to increase the diversity in their TMT run the real risk of losing current performance benefits and being less prepared for the coming wave of even more diversity. They recommended future research on the role of TMT demographics in determining organization performance outside the United States of America. They further recommended study of any moderator or mediator variables to establish how they affect the relationship between TMT diversity and organization performance. Other demographic variables recommended for future research by Carson et al. (2004) are race, gender, handicap status, sexual orientation and functional background.

Most studies have used financial indicators especially return on investment as the performance measure. In a related local study, Irungu (2007) researched on the effect of TMT on the performance of publicly quoted companies in Kenya. He used financial measures of performance and recommended future research to focus on non financial measures. Carson et al. (2004) also recommended research on other organizational outcomes. This study focused on financial and non- financial performance indicators modeled on the Balanced Scorecard approach.

As observed by Carson et al. (2004), most past researches on TMT diversity and organization performance have been undertaken in the United States of America. Although these studies on Top Management Team diversity suggest positive effects, arguments from other studies suggest that diversity negatively affects performance. Given these inconsistencies in the findings of previous studies on the relationship between TMT diversity and organization performance, it was not clear which moderating variables have positive effects on this relationship. Variables which may moderate this relationship are an involvement culture and diversity management strategies. Chatman, Polzer, Barsade and Neale (1997) found that organizational culture moderated the effect of diversity, specifically; they indicated that an involvement culture encourages participation, which is closely correlated with good decision making and the performance of organizations.

It has been found that diversity management strategies lead to an increase in performance due to the ability to attract and retain the best talent and also due to better problem solving and decisions making skills (Pitts, 2009). Both an involvement culture and diversity management strategies focus on bringing group members together, thus enhancing team spirit in order to make quality decisions and achieve higher performance. The study was done in commercial banks in Kenya to establish if TMT diversity affects the quality of decisions they make and also how TMT diversity affects the performance of the banks. Further, the study sought to find out the influence of an involvement culture and diversity management strategies for the banks practicing the same. The research question is under which conditions TMT diversity has an effect on organization performance.

1.3 Research Objectives

The broad objective of this study was to determine the effect of Top Management Team diversity on organization performance.

Specific objectives were:

- i) To establish the effect of Top Management Team diversity on organization performance
- ii) To Assess the effect of Top Management Team diversity on quality of decisions
- iii) To find out the effect of quality of decisions on organization performance
- iv) To determine the influence of an involvement culture and diversity management strategies on the relationship between Top Management Team diversity and quality of decisions.
- v) To establish the influence of involvement culture and diversity management strategies on the relationship between Top Management Team diversity and organization performance.

1.4 Value of the Study

The study objectives make a contribution to the study of Top Management Team diversity and organization performance. The study brings more understanding on the concept of value in diversity in the Kenyan context. Kenya has adopted strategies in Vision 2030 to mainstream gender in all aspects of society. The key areas identified for fundamental changes in order to address gender equity are opportunity, empowerment, capabilities and vulnerabilities. As seen in the study, female representation at the TMT was 27 percent. This is also reflected in the presentation of women in the public sector in Kenya where female members of parliament are only 8 percent, permanent secretaries are only 19 percent while diplomats form only 27 percent. As the government and the public sector mainstream gender diversity, this study will guide them in that diversity is good for affirmative action not for better decisions or performance as this study found negative effect of gender diversity on both quality of decisions and performance.

Further, approximately 38 percent of the Kenya population is composed of the youth aged between 15 to 35 years. The Kenya government recognizes the critical role played by the youth and will undertake several strategies and initiatives under Vision 2030. The interventions are capacity building and empowerment of the youth, giving the youth a voice to articulate their issues as well as participate in decision making and community service. As the government implements strategies to give the youth a voice, this study can guide in the significant negative effect age diversity has on performance of institutions. Ensuring equity in both gender and age by the government should be for affirmative action not better quality decisions or performance

The study may influence formulation of human resource policies in relation to recruitment and selection, training and development, performance management and reward management, where diversity is recognized and embraced. Further, it can be used by Board of Directors to guide in hiring demographically diverse TMTs in terms of functional backgrounds in order to reap the best in terms of performance. The results are best when the organization is implementing diversity management strategies. The study highlights the influence of diverse human capital as a strategic asset in obtaining competitive advantage.

Human resources practitioners are expected to appreciate if diversity increases employee satisfaction and loyalty, reduces absenteeism and turn over. If new women and minority hires see no one who looks like them has ever made it into upper management, they will conclude that they have to go elsewhere for advancement. Diversity therefore should be taken up by organization for affirmative action not for improvement in performance.

Kenya experienced violent incidences following the 2007 elections. As a result, this study can guide the government in policy formulation and legal framework on equal employment opportunities and affirmative action by understanding the effects of embracing those from diverse cultural backgrounds. Research suggests that people of similar ages tend to view the world in general in terms of reflecting shared experiences and socialization. This study also forms a basis of future research in Kenya on how diversity affects performance in the service sector as moderated by organizational culture and diversity management strategies.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter covers the literature review in the field of diversity and organization performance. The concept of diversity is reviewed together with the theoretical foundations upon which Top Management Teams studies are based. Overview of how TMT variable influences quality of decisions and organization performance are discussed. The chapter further discusses the moderating variables, involvement culture and diversity management strategies.

2.2 Theoretical Foundation of Top Management Team

This study is anchored on the broad theoretical framework of the Upper Echelon Theory. According to Hambrick and Mason (1984), the TMT has three key interrelated and reinforcing elements, namely a team's level of collaborative behavior, quality and quantity of information exchanged and emphasis on joined decision making. Research on TMT links their characteristics to organizational outcomes such as expansive global strategies, strategic change, commitment to innovation and competitive moves. Researchers have explained these linkages by attributing underlying meaning to TMT characteristics often reflecting an aspect of team process.

Recognizing the high level of organizational related tasks that each TMT member faces, both individually and as a top manager, and interdependently as team members, Hambrick (1994) recast specific social and task processes into the behavioral integration. This consists of social dimension (the level of TMT collaborative behavior), task dimensions (the team's quality and quantity of information exchanged) and its emphasis on joint decision making.

According to Hambrick (1994), this mutually reinforcing process, when taken in concert, better captures a TMT wholeness and unity of effort than does each dimension examined separately. Behavioral integration more fully captures the salient aspects of TMT process, because it includes not only the social and affective TMT tendencies but task and behavioral tendencies (Zeki, John, Michael & Dino, 2005).

2.2.1 Upper Echelon Theory

The Upper Echelon Theory has foundations in the concept of dominant coalition which suggests that 'The human social biases, filters and idiosyncratic processes at the top of the organization substantially influence competitive behaviors' (Hambrick, 1994). These competitive behaviors are likely to influence organization performance. In their 1984 theoretical paper on Upper Echelon Theory, Hambrick and Mason suggested that top management characteristics, specifically their demographic characteristics could impair decision making and thus organization performance. TMTs are important determinants of organizational success. Research has shown that workforce diversity can provide for positive organizational outcomes such as increased morale, higher satisfaction, greater commitment and improved performance (Wright, Ferris, Hiller & Kroll, 1995).

One of the core fundamentals of Upper Echelon Theory is that demographic characteristics are tangibly intertwined to the psychological and cognitive elements of the executive orientation. In turn, TMT demographics are used as extended referents of executive orientation. The orientations, a direct result of demographic characteristics affect strategic choices and decisions and therefore have tangible effects on organizational outcomes (Carson et al., 2004). Other theories related to this study are Resource Based View, Social Identification and Categorized Theory and Attraction Theory indicated below;

2.2.2 Resource Based View Theory

Proponents of the resource based view recognize the nature of human resources by focusing on their subjectivity, ambiguity and creativity (Orlando, 2000). Human resources, particularly diverse resources are protected by knowledge barriers and appear socially complex because they involve a mix of talents that are elusive and hard to understand. Orlando (2000) noted that in order for the human capital to contribute to sustainable competitive advantage, it must create value, remain hard to imitate and appear rare. Organizations may increase their number of women and racioethnic minorities to better match the demographic characteristics of their significant customers in order to achieve a competitive edge in the market (Cox, 1993).

Many valuable resources are protected from imitation not by property rights but by knowledge barriers. Therefore an organization with a diversity of perspectives should have more resource to draw on and should be more creative and innovative. The value obtainable from large number of diverse individuals who work together is quite high, and in most cases a given mix is impossible for competitors to imitate. Cultural diversity creates tremendous potential for organizations to exploit the rare characteristics of a diverse employee base for competitive advantage (Wright et al., 1995).

2.2.3 Social Identification and Categorization Theory

Social identification begins with the assumption that each individual wishes to maximize his or her self esteem. Individuals engage in a series of social comparisons which involve placing themselves and others, into a series of categorization along gender, ethnic and socioeconomic line, among others. To maintain high self esteem, individuals will deem the categories to which they belong as “good” (in group) and the categories which other belong as “bad” (out group).

According to Tajfel (1982), individuals often (falsely) attribute negative characteristics to out groups members believing that they are comprised of individuals who are less trust worthy, honest, cooperative or intelligent. Categorization often involves physical traits such as gender, ethnicity and age (Pitts & Jarry, 2007). Social Identification and Categorization Theory, then assumes that individuals quickly stereotype and make judgments about those from other groups. In a diverse team, there are more out groups than in groups, a pattern expected to cause problems with trust, communication and cooperation. This theory suggests a negative relationship between organizational diversity and work related out comes (Pitts & Jarry, 2007).

2.2.4 Attraction Theory

Research indicates that similarity in attributes, particularly demographic one increases interpersonal attraction and liking (Byrne, Clore & Worchel, 1996). Individuals with similar backgrounds may find they have more in common with each other than with others from different back grounds, making it more comfortable for them to work together and collaborate towards producing a product or service or in problem solving.

Research has shown that in a situation where one has the opportunity to interact with one of a number of different people; he or she is most likely to select a person who is similar (Burt & Regans, 1997). Early research using the attraction concept found that dissimilarity generated a lack of attraction to others that manifested itself through decreased communication, message distortion and communication error (Trandis, 1960).

2.3 The Concept of Diversity

Diversity may be defined as the presence of differences among members of a social unit (Jackson & Packer, 1987). It has been classified in many categories, among them demographic and cognitive diversity. Demographic diversity focuses on variables such as age, gender, nationality and race which are directly measurable attributes of individuals while the cognitive diversity focuses more on attitudinal and normative differences between individuals (Pfeffer, 1983).

Research on diversity is a challenge to review, because it spans multiple disciplinary boundaries, assesses the effects of various types of diversity focuses on many different dependent variables, and employs a wide range of types of groups and settings. Past research results on heterogeneity in groups suggests that diversity offers both a great opportunity for organizations as well as an enormous challenge. On one hand, some research suggests that more diverse groups have the potential to consider a greater range of perspectives and to generate more high-quality solutions than less diverse groups (Hoffman & Maier, 1961). A group that is diverse could be expected to have members who have had significantly different experiences and, therefore, significantly different perspectives on key issues or problems (Jackson et al., 1987).

On the other hand, the greater the amount of diversity in a workplace or an organizational subunit, the less integrated the group is likely to be (O'Reilly et al., 1989) and the higher the level of dissatisfaction and turnover (Wagner, Pfeffer & O'Reilly, 1984). Further, greater negative effects have been found for diversity on race and gender than for diversity on age (Tsui et al., 1992). This study will focus on five major individual attributes which influence organizational functioning; these are age and gender which are observable and tenure, educational and functional backgrounds which are not observable (Williams & O'Reilly, 1998).

2.3.1 Diversity of Observable attributes

Observable differences are likely to evoke responses that are due to biases, prejudices and stereotypes (Jackson et al., 1987). Diversity in observable attributes has consistently been found to have negative effects on affective outcomes (identification with the group, satisfaction) at both the individual and group levels of analysis. Research suggests that diversity in observable attributes may affect cognitive outcomes (number of alternatives considered, quality of ideas, and degree of cooperation in complex tasks) in positive ways (Cox et al., 1991; McLeod & Lobel, 1992; Watson et al., 1993).

Cognitive biases and prejudices play a role when categorizing in group or team settings. Unknowingly we may make discriminatory decisions or take discriminatory actions that are a reflection of our education, environment, or past encounters. These discriminatory behaviors are ingrained as non-discriminatory and involve the use of applying stereotypes and generalities to individuals with certain personal characteristics. The observable attributes under study are gender and age.

Gender Diversity; Key issues like work-family conflicts, child-care programs, dual career couples and sexual harassment at the work place affect performance (Antoni, 2001). According to Cascio (2006), 50% of the management and professional jobs were held by women in 2002 in USA. Further, about half of all working women were single, divorced, widowed or heads of their families. As more women join wage-earning work, earning and employment patterns will continue to change (Cascio, 2006).

Research on the effects of gender diversity in groups found that women were more likely to be absent and to experience turnover than were men (Cummings et al., 1993). They also found that belonging to the minority gender in workgroups appeared to have more negative effects on men than on women. In sex-integrated organizations; women viewed female partners more positively and behaved in more supportive ways toward their peers. Ely (1994) argued that differences in the representation of women at the top altered the perceptions of lower level women about the likelihood of advancement in the organizational, thereby affecting their behavior.

The findings reported by Ely (1994) and Sackett and colleagues (1991) draw attention to Kanter's (1977) idea that the proportion of representation is likely to be an important variable in predicting the outcomes of diversity. Hoffman and Maier (1961) however, found that gender diversity in groups facilitated creativity. Many women pay a high personal price for their organizational status. Some are faced with broken marriages, while others choose never to marry at all. The damage can be minimized if most managers positively support the advancement of competent women. Smit (1999) states that only a handful of women manage to reach the top management level.

Age Diversity; Similar to groups that are diverse in race or gender, groups that have more diversity in terms of ages represented tend to have higher turnover rates (O'Reilly et al., 1989; Wagner et al., 1984). Not surprisingly, the people who are different from their group members in terms of age are more likely to turn over (Cummings et al., 1993; O'Reilly et al., 1989; Wagner et al., 1984). Cummings and colleagues (1993) also found that people who were different from the group in terms of age tended to be absent more frequently and tended to receive lower performance ratings than people who were more similar in age.

Subordinates who are dissimilar from their supervisors in age appear to experience higher levels of role ambiguity (Tsui et al., 1992). Zenger and Lawrence (1989) reported that a project group's diversity on age was negatively related to the frequency of communications within the project group. Stereotype and prejudices link old age with senility, incompetence and lack of worth in the labour force. According to Certo (2000) a research carried out by Sonnenfeld Jeffrey revealed that most managers view older workers as "deadwood" and seek to remove them through incentive schemes, biased performance appraisal and other means. With regard to actual work performance, the evidence of performance of older employees is mixed. Problems can occur for older workers when deployed in a plant job requiring considerable physical activity. Repetitive jobs that must be performed at a rapid pace present difficulties. Quality may be excellent but quantity may decline.

However for cognitive activities especially those of verbal nature, older workers may be superior. Older workers suffer substantial performance deficits in the cases of obsolescence. This occurs when the person requirement of a job, which are demanded by tasks, duties and responsibilities become incongruent with the stock of knowledge, skills and abilities currently possessed by the individual. Age in the African work environment is an important factor. It is believed that the older one gets the wiser one becomes as the individual has had many experiences. Young people may not oppose the opinions of the elderly. They may not agree, but they must respect the opinion (Harris & Moran., 2004).

2.3.2 Diversity of non observable attributes

There are many ways in which groups can be diverse in terms of underlying or non observable characteristics. This study will focus on the most common underlying or no observable attributes namely, educational background, functional background and tenure in the organization.

Educational background ; Being different from one's colleagues in terms of level or type of education seems to increase the probability of turnover in Top Management (Cummings et al., 1993; Jackson et al., 1991). Wiersema and Bantel (1993) failed to find significant effects of educational curriculum heterogeneity on Top Management Team turnover in a sample of United States of America organizations after controlling for mean tenure. Wiersema and Bantel (1993) found that top management Team heterogeneity on education curriculum was positively related to an organization's change in diversification strategies.

In another study, Smith, Smith, Olian, Sims, O'Bannon and Scully (1994) found that TMT heterogeneity with respect to educational Level was found to be positively related to an organization's return on investment and to grow in sales, a finding that presumably operates through some cognitive benefits of educational heterogeneity. Bantel and Jackson (1989) found that diversity in education specialization had no effect on innovativeness of the TMT.

Functional Background; in a study of TMT, Bantel and Jackson (1989) found that the more diverse the group in terms of functional backgrounds, the greater the number of administrative innovations the bank had made. They did not however find any relationship between functional heterogeneity of the TMT and the number of technical innovations. One benefit of functional diversity in project teams lies in the creation of linkages to those not on the team. Korn, Milliken and Lant (1992) found that increasing the functional diversity of the TMT was associated with positive performance returns as measured by increases in return on assets (ROA).

These findings suggest that functional diversity in management teams may add value in terms of dealing with environmental complexity but that it may not facilitate coping with environmental volatility. Smith and colleagues (1994) predicted that heterogeneity in functional backgrounds of TMT would increase the use of bureaucratic controls mechanisms thereby slowing the decision making process and impeding organization performance in volatile industries. They found that functional heterogeneity of the TMT had no effect on organization performance specifically return on investment and sales growth. It did not also have any effect on communication patterns and social integration.

Tenure; Jackson and colleagues (1991) found that the more heterogeneous a top management team was with respect to experience outside the industry, the higher the rate of turnover on the team. Top management team members who were different from their counterparts on outside experience were more likely to turnover if they were so called non elite members of the team.

2.4 Organization performance

According to Ongore (2008), organization performance can be measured using three main perspectives, namely Return on Assets (ROA), Return on Investment (ROI) and Dividend yield (DY). Following previous TMT researches, Simons et al. (1999), measured organization performance using profitability and sales growth. Pitts (2009) used perceived performance in order to tap on to whether employees believe that their group performs well. In other research, performance outcomes are given as stock performance, productivity, profitability, quality and organizational survival rate. Dess and Robin (1984) suggested that in the absence of data, self assessing measures constitute an acceptable and equally reliable performance measure.

Research has demonstrated that self reporting organization performance measures are positively related to objective organization performance measures with a correlation of 0.40 (Powell, 1992). Additionally, the comparison of cross industry organization performance is influenced by external economic factors. Subjective evaluations may be even more appropriate than objective ones in some studies. Self reporting measures however have potential problems and measures should be taken to reliability and validity. The Top Management Team do not always rely on one set of performance measure as they have realized that no single measure can provide a clear performance focus on the critical areas of the business. The TMT wants a balanced presentation of both the financial and operational measures.

As a result, Kaplan and Norton (1992) devised a “balance scorecard”, which is a set of measures that gives the TMT a fast but comprehensive view of the business. The balanced scorecard complements the financial measures with operational measures on customer satisfaction, internal processes, and organizational innovation and improvement activities. The balanced scorecard therefore allows managers to look at business from four important perspectives, namely, Customer, Internal Business, innovation and learning and Financial (Kaplan & Norton, 1992).

Customer Perspective: How a company is performing from the customer perspective is a priority to the Top Management Team. For existing products, lead time can be measured from the time the organization receives an order to the time it actually delivers the service to the customer. Quality measures the on time delivery and the accuracy of the organization’s delivery forecasts. The combination of performance and service measures how the organization’s services contribute to creating value to the customers. Organizations therefore articulate goals for time, quality and performance and service then translate them to performance measures.

Internal Business Perspective: This refers to the efficiency of an organization's internal operations. It includes measures that spur innovation, development of new products, quality of products and services and improving internal processes. Qualitative measures include average lead times, average time products spent as work in progress and resource efficiency and growth of technological innovations,

Learning and Growth Perspective: This measures how well an organization is able to adapt and improve. It also measures employee training and corporate culture attitudes. Measures include increase in market share. Other measures include collaboration with colleagues and internal communication

2.5 Organizational Culture

Organizational culture is the pattern of values, norms, beliefs, attitudes and assumptions that may not have been articulated but shape the ways in which people behave and things are done (Armstrong, 2008). Culture represents the 'social glue' and generates we-feeling, thus counteracting processes of differentiating which is an unavoidable part of organizational life. Organizational culture offers a shared system of meaning which is the basis for communication and mutual understanding. If these functions are not fulfilled in a satisfactory way, culture may significantly reduce the efficiency of an organization (Furnham & Gunter, 1993).

There have been many attempts to classify or categorize organizational culture as a basis for the analysis of cultures in organizations and for taking action to support or change them. The best known are by Harrison (1972) and called it organizational ideologies. Handy (1981) based his typology on Harrison's classification. Schein (1985) identified the four cultures of: power, Role, achievement and support while Williams et al. (1989) redefined the four orientations of Power orientation, Role, task and people.

Carl and Denison, (2003) presented organizational practices through four cultural traits of involvement, consistency, adaptability and mission. Employee involvement was suggested in the classical Hawthorne experiment of the 1930s. Rensis Likert's empirical research of 1960 on the employee oriented supervisor added further support to the participative style. Later research found out that when employees feel a sense of participation and task involvement, they will identify with the organization, take responsibility and strive to contribute to the organizational objectives.

Involvement cultures encourage participation of stakeholders at all levels of an organization in the analysis of the problem, development of the strategies and implementation. Involvement is created by the following processes; Firstly, empowerment which refers to information sharing about the economic status of the organization. According to Kim (2002), the basic assumption of employee involvement is that sharing manager's decision making powers with the employees will enhance performance and work satisfaction.

Secondly, capacity building, this involves raising the skills level to enable them make effective decisions. Lastly, Team orientation where rewards should be tied to suggestions, ideas and performance. There are a few executives who whole heartedly support participative decision making. Effective organizations empower people, organize around teams and develop human capability (Likert, 1961).

There are many companies which have adopted involvement culture. Toyota is one of the best examples. The company has been following suggestion schemes and employee involvement procedures for over a decade. The management receives almost 2,000,000 suggestions and ideas every year and around 95% of them are implemented. British Airways is another example. During the economic downsizing, employee suggestions helped them cut annual costs of their operations by 4.5 million pounds (Carl & Denison, 2003). However in Crane (1976), Fred Fielder maintains that managerial effectiveness is contingent on a number of factors, including the predominant style of the leader, the type of people being led and the circumstances of the particular situation.

2.6 Diversity Management

Diversity management means establishing a heterogeneous workforce to perform to its potential in an equitable work environment where no member has an advantage or a disadvantage (D'Netto & Amrik, 1999). Diversity management emphasizes building specific skills and creating policies that get the best out of every employee (Thomas, 1994). Three types of organizational goals contribute to the growth of diversity management.

First, organizations must center round a goal of social justice. This has to do with the moral, ethical, and social responsibilities that guide efforts to improve the conditions of racio-ethnic and gender minorities. Second, affirmative action and gender mainstreaming are key mechanisms in meeting legal obligations and refers to positive efforts necessary to eliminate racial and gender discrimination in employment. Third, there is an increased focus, especially by US businesses, to maintain and increase competitiveness in the global marketplace.

Corporations acknowledge cultural diversity as a necessary factor in competing in the multinational business environment. For the first time, corporate America sees diversity as having a significant influence on performance and profitability (Ramakrishnan & Balgopal, 1995). Implementing and achieving these goals is very important especially since cultural clashes can be a significant drain on the energy of the people involved, thus bringing down the productivity of the company (White, 1999).

The most critical goal of Human Resource policies is to enhance performance of individuals and teams (Morrison et al., 1993). At Avon in America, managing diversity is viewed as a necessary condition for enhancing performance. Recognizing the importance of leadership diversity is only the first step. No change will occur unless an effective strategy is developed for achieving inclusion through a commitment to diversity at all levels of the workforce, especially at the senior management levels, where it is most strategically important and least in evidence (Conklin, 2001). "Such a strategy should involve a systemic, results-oriented, business-based approach" (Fitzpatrick, 1997).

At the individual level, diversity management interventions should focus on exploring and understanding how individual differences impact on employee perceptions, attitudes, needs, expectations and behavior. This implies the exploration of the individual's propensity to change his or her usually hidden attributes, such as beliefs, attitudes and values that impact negatively on empowering a diverse workforce (Apparov, 2000).

Interventions directed at the interpersonal or inter group level involve an examination of group-related values, beliefs and attitudes in order to increase awareness of differences, to lead to better understanding and to eliminate prejudices and stereotypes that inhibit constructive inter group relationships among employees. At the organizational level interventions should be aimed at identifying the barriers to organization performance that exist in the organization's culture, policies, systems and procedures.

2.7 Diversity Management Strategies

There are several views on the strategies to manage workforce diversity. The first is the traditional view based on recruitment, outreach and Affirmative Action (AA)/ Equal Employment Opportunities (EEO). This view seeks to ensure that there is adequate representation of all groups in an organization.

Another view is more management oriented based on employee retention, performance and collaboration. The third, which is the focus in this study, is Pitt's model of 2009 which is made up of three interrelated components: recruitment and outreach, valuing of differences and pragmatic policies and programmes.

2.7.1 Recruitment and outreach

This considers whether an organization is extending itself to all potential sources of employees. A plan for the recruitment of the underrepresented groups is a key component of this aspect of diversity management. Research indicates that steps and criteria used by organizations to select and test candidates are inadequate or inappropriate for a number of applicants, including minorities (Morrison, 1992).

Recruitment and outreach therefore does not mean simply adhering to affirmative action guidelines and legal constraints but seeking out employees in the labour market who may not be found through typical venues (Pitts, 2009). Successful organizations can benefit from workforce diversity by creating an organizational environment which attracts people from diverse labour markets. Diversity management promotes competitive edge by recruiting the best people for the job, regardless of ethnicity, gender or other individual characteristics (Cornelius, 1999).

Therefore, recruitment and selection must be based on organizational and job relevant criteria (Kandola & Fullerton, 1994). To improve diversity management at recruitment, some best practices include presence of diverse managers on selection committees and training interviewers with techniques that can be used when dealing with applicants from different backgrounds (Morrison, 1992). Increasing organizational diversity has the potential to increase performance (Pitts, 2009; Adler, 2002)

2.7.2 Valuing of difference

This considers whether employees and managers appreciate cultural assumptions and biases that employees bring to the workplace. Multicultural understanding is imperative and for managers who oversee the work of diverse employees and understanding is improved through programmes aimed at bridging the gaps (Adler, 2002). The goal of diversity management awareness is to improve the performance of individuals and in so doing, the organization. Some good practices under the area of training include; identifying specific training needs which are linked to the organizational objectives, assessing individual workers training needs, developing individual training plans which cover knowledge, operational and interpersonal skills (Morrison, 1992).

At Digital Equipment Company, members are encouraged to respond to, acknowledge and reward different opinions. The Top Management Team believes that a common acceptance of diversity will enable the organization to be more effective globally and respond to many varied customer demands. A company must value diversity. The main objectives of valuing diversity include awareness, education, and positive recognition of the differences among people in the workforce. They must respect and support cultural diversity through the recognition of cultural and religious holidays, observances, practices, and diet restrictions.

2.7.3 Policies and programmes

The policies and programmes that make up the diversity management function vary significantly between organizations, involving training programmes, family friendly policies, mentoring opportunities and advocacy groups (Pitts, 2009). These tend to involve mentoring programmes, succession planning, family friendly programmes, alternative work arrangements and a mix of group based and individual oriented assignments.

It is assumed that HR policies shape employee attitudes and behaviors and reinforce the organizational culture, thereby affecting the success of strategy implementation and the organization's ability to adapt to environmental change (Kotter & Heskett, 1992). A company must improve its supply of diverse workers through recruiting. It must break the "glass ceiling" and increase the number of women and minorities in the higher salary groups through career development, mentoring, and executive appointment. Since organizations often result to internal promotions to fill in vacancies, recruiting a diverse workforce at the points of entry ensures that a diverse pool of talent is available for promotion.

2.8 Quality of Decisions

According to Gilmore (1998), decision making is an incremental, subsequent process which does not necessarily happen at one point in time. It is the most hypothesized intervening variable in discussions of executive diversity and organization performance (Fredrickson & Mitchell, 1984).

Schwenk and Valacich (1994) found that evaluating and critiquing, engaging conflicts about a task, yields better decisions in teams than when members avoid conflicts. Putman (1994) showed that explicit task disagreement helped group members better identify issues and encouraged group members to develop new ideas and approaches. Often, making quality decisions involves managers liaising and negotiating people outside the department or even the organization. Overall, making quality decisions requires managers who are proactive and well prepared rather than reactive managers sticking to past practices when they are no longer suitable (Gilmore, 1998).

2.9 TMT diversity and Organization performance

Minority views stimulate consideration of non obvious alternatives in work setting (McLeod et al., 1992) and appear useful for making valuable judgments in novel situations. Heterogeneity in decision making and problem solving styles produces better decisions through the operation of a wider range of perspectives and more thorough critical analysis of issues (Jackson, 1992). Results from a controlled experimental brain storming study showed that the ideas produced by ethnically diverse groups were judged to be of a higher quality than the ideas produced by homogeneous groups.

According to Barney and Wright (1998), cultural diversity in human capital serves as a source of sustained competitive advantage because it creates value that is both difficult to imitate and rare. Organizations may increase their numbers of women and racial-ethnic minorities to better match the demographic characteristics of their significant customers in order to achieve a competitive edge in the market. O'Reilley et al., (1989) studied an organization with the reputation of valuing diversity and found that within the organization's work teams, diversity created positive performance related results.

Greenhaus et al., (1990) found a negative relationship between diversity and performance. He found that organizational diversity leads to lower career satisfaction, organizational commitment and employee perceptions of the likelihood of promotion. Tsui et al., (1992) found that in a diverse work team, members of the minority or the primary out group were less committed to the organization, more likely to absent themselves from work and more likely to be active in search for new work.

2.10 TMT diversity and Quality of Decisions

There are several arguments for or against the theory that diversity affects quality of decisions. Those for argue that diversity leads to disagreements on basic resources. When there are many disagreements surrounding an immediate opportunity or threat or a long range plan, TMT as a group and as individuals are aware of more issues, more ways of viewing each issue and more alternative courses of action (Bantel & Jackson, 1989; Wiersema & Bantel, 1992). Once aware of the range of issues and options, the TMT can discuss them, commission relevant analysis and may hire consultants to help in areas of weak knowledge.

The second argument by Fredrickson and Mitchell (1984) concerns costs. The need to resolve disagreements or at least partiality reconcile divergent positions in order to move forward leads to greater willingness to expand the resources for decisions comprehensiveness. When there are a few disagreements, the executives will not feel the need to expand such resources. Others however feel that, because of the disagreements involved, one or a few executives may quietly address strategic issues behind the scenes while not opening the process out to others. Another argument suggests that disagreements affect TMTs cohesion. Cohesion is defined as the extent to which TMT like each other and stick up for each other (O'Reilly et al., 1989).

Academic and popular writing has suggested that decision quality is a highly influential process in Top Management Teams. In this process, team members look at an issue with a wide lens, considering multiple approaches, choice of action and multiple decision criteria (Simons et al., 1999). Members brainstorm about possible alternatives and systematically list the pros and cons without disputing the ideas of one another.

Dess (1987) argued that organizations competing in a dynamic industry may actually benefit from less demographic homogeneity and less strategic consensus. If there are few or no disagreements at the outset, the TMT are not likely to consider a wide range of issues and options when making decisions (Carson et al, 2004).

2.11 Quality of Decisions and Organization Performance

When making complex decisions, organizations must evaluate what is at stake in making the decision and also the parties involved. It involves planning and implementation. The planning stage involves diagnosis of what is wrong or needs to be changed, developed and refined- the initial problem identification. Obstacles arise at this stage from clashes in organizational structure, personalities and group dynamics. Analytical obstacles emerge from uncertainty, complexity, business cycles and variability in risk attitudes while content obstacles stem from information overload, lack of data, biases or the existence of too many or too few alternatives (Polzer et al., 2002)

Before undertaking any analysis, it is important to identify a broad set of alternative directions for a strategic decision. The alternatives should be creative, comprehensive, significantly different and compelling. It is also critical to identify clear decision criteria which ensure that values fit the corporate philosophy. The alternatives can be evaluated through individual idea generation and group brain storming. Alternatives can be evaluated through use of small group synthesis of key evaluation points, large group reviews and prioritization. When reaching the final decision, one to one previews of results or recommendations are used. Insight focus dialogue is also used (Gilmore, 1998).

The next level involves managing the actual output of decision making. This turns strategies and plans into action in order to achieve set objectives. Proponents of diversity hold that differences among group members give rise to varied ideas, perspectives, knowledge and skills that can improve the ability to solve problems and accomplish their work (Polzer et al., 2002). Complex tasks require problem solving, have a high degree of uncertainty and have a few set procedures, while routine tasks have a low level of variability and are repetitive (Polzer et al., 2002).

This stage involves harmonizing activities, coordinating efforts, supervising material and, responding to change quickly and having alternative plans. In addition, successful implementation involves the ability to be adaptable in order to respond to customers and competitors' activities in times of change (Gilmore, 1998). Persistence and perseverance are necessary for continuous improvement in order to resist erosion from competitive behavior and maintain consistency to avoid slipping standards.

2.12 TMT diversity, Involvement Culture, Diversity Management Strategies and Quality of Decisions

Hambrick and Mason (1984) studied top management groups and linked group characteristics with organization performance and other variables. Hambrick and Mason (1984) argued that differences in Top Management Teams back grounds may be associated with less strategic consensus and subsequent poorer performance, due to decreased communication and increased conflict.

Dess and Origer (1987) however proposed that an organization's industry environment will moderate that entire relationship. When employees perceive the workforce to be diverse, this should lead to an increase in performance due to the aforementioned effects which include ability to attract and retain the best talent possible, reduced cost due to lower turnover, enhanced market understanding , greater creativity and innovations, better problem solving, organizational flexibility, better decisions making and better organization performance (Kochan, 2003).

Diversity goals must be linked to business goals, not just meeting affirmative action and legal requirements. Diversity must be stressed and Top Management Teams must be held accountable for meeting diversity goals. Diversity initiatives benefit companies' bottom line and help them maintain a competitive edge. Diversity may improve performance when the TMT is trained to deal with group processes issues like communicating and problem solving in diverse teams.

The HR Practices of recruitment, selection, training, motivating and rewarding staff partially determine whether team members are skilled to communicate with diverse teams (Kochan, 2003). If an organization's top management believes in the advantages that diversity brings, they should emphasize hiring a diverse workforce in non managerial positions within the organizational in order to capitalize on creativity and innovations (Morrison, 1992). However in organizations where diversity management strategies are not in place, such organizations are likely to experience negative outcomes such as disruptive conflict, increased turn over and poor performance (Kochan, 2003).

Carl and Denison, (2003) found that involvement cultures encourage participation of stakeholders. Other benefits include; secures commitment to action, promotes the "whys" of a decision before it is made, brings more expert knowledge to bear on the decision, provides more valid view points because persons closest to the situation are involved and develops interest and enthusiasm of subordinates.

2.13 TMT diversity, Involvement Culture and Organization performance

Denison and Aneil (1995), using survey based culture measures showed that perceived involvement and participation on the part of organizational members predicted both current and future financial performance, In addition, Gordon (1985) showed that high and low performing companies in the banking and utility industries had different culture profiles.

Kravetz (1988) amplified earlier findings by showing that management practices fostering participation, autonomy and creativity were closely correlated with objective indicators of organization performance. A French study of managerial values and practices also identified a set of cultural values and practices associated with the growth pattern of five single business organizations (Denison & Aneil, 1995). Kochan et al. (2003) found out that gender diversity was positively related with group bonuses in business units with a people oriented organization culture, diversity-focused human resource practices and customer oriented business strategy but not in units that lacked those specific cultures, practices and strategies.

They further found that racial diversity was negatively related to performance in business units with competitive organizational cultures, growth oriented business strategies and training focused human resource practices but not in the units that lacked those specific cultures, practices and strategies. A cultural environment must allow differences to be celebrated instead of merely tolerated. All employees must understand the competitive and moral advantages of diversity. Often, an organization must undergo a "cultural transformation" before it can successfully achieve the full benefits of diversity (Carnevale, 1994).

In Russia, decision making has been centralized with little empowerment. Russian managers have traditionally been punished for negative results, even those beyond their control and therefore have a strong desire to have someone else make the decision (Fey & Denson, 2003). Puffer and Shekshnia (1996) proposed that this would be addressed creating a system of involvement in which employees would be rewarded for taking initiative and held accountable for their actions, but not punished for unpredictable outcomes. In a study of 66 Russian managers at the Tver Cotton Mill found that extrinsic rewards and behavioral management increased worker performance, but that participative techniques resulted in decreased performance (Fey & Denison, 2003). Russian organizations have a good flow of vertical information but poor horizontal flow from one department to another. Information is typically seen as a power, creating barriers to coordination and integration (Fey and Denison, 2003).

2.14 TMT, Diversity Management Strategies and Organization performance

Interest in TMT diversity has surged in recent years. Among researchers fueling this surge, many have argued that higher level of diversity leads to executive creativity, more effective executive decisions and better organization performance (Jackson, 1989). Other researchers, however have argued that higher levels of executive diversity results in less communication, poor decision making and less positive organizational outcomes (O'Reilly, 1993). Demographic diversity typically is not hypothesized to have direct effects on processes or outcomes, but is hypothesized to have indirect effects through cognitive diversity. Further, diversity must be part of an organization's strategic business objective.

When turnover occurs, the organization will lose the company dollars invested for training and development of the employee who left. For example, Ortho Pharmaceutical reported a saving of \$500,000 largely from lowering minority turnover (Bailey, 1989). At Corning, the company estimated it was losing between \$2 and \$4 million a year from its significantly higher turnover of women and minorities compared with white men (Morrison, 1992).

Cost savings are also likely to stem from reducing legal fees and company time spent on managing grievances. For example, AT & T was ordered by the United States of America government to pay approximately \$66 million to women who were denied benefits during pregnancy and after childbirth (Keller, 1991). Effective management of the workforce not only involves recruitment of diverse employees but also retaining them through adequate training and development opportunities. Training programmes for diverse employees can help eliminate group differences in career outcomes and generate respect for individual differences in attitudes, values and behavior.

A good performance management system can help enhance employee performance. It should be objective and not subjective, relevant to the job and the organization and fair to all employees (Morrison, 1992). The glass ceiling syndrome is however a barrier to advancement as multicultural employees are perceived as not having "the right skills".

The strategies to address this include appraisal systems that focus on the individual's performance, not the personality (Loden & Rosener, 1991). The appraisal can include an assessment of how managers effectively manage a diverse workforce. Further, to be successful, managers need to "unlearn" practices rooted in an old mind set, change the ways organizations operate, shift company culture, revise policies, create new structures, and redesign human resource systems.

Diversity initiatives can improve the quality of an organization's workforce. Organizations spend a large sum of their budgets on human resources in the form of salaries, benefits, training development, and recruitment. In order to get a good return on their investment in human capital and maximize their competitive advantage, it is important to recognize that the workforce will grow in the number of women, people of cultures and ages each year.

2.15 Summary of Empirical studies and Knowledge gaps

The table below shows a summary of studies done on Top Management Teams and gaps in knowledge addressed in the study:

Table 2.1: Summary of knowledge gaps

Empirical Study	Focus	Findings	Gap in knowledge to be addressed in the study
Murray (1989)	Top management group heterogeneity and organization performance	Homogeneous top management groups partially interacts more efficiently and is preferable when competition is intense, but heterogeneous groups facilitate adaptation and are preferable under conditions of environmental change.	What is the effect of age diversity on organization performance?
D'Netto & Sohal (1999)	Human resource practices and workforce diversity: an empirical assessment	Management of workforce diversity is only "mediocre". Inadequate diversity management practices were found in the areas of recruitment and selection and training and development.	What is the use of diversity management strategies in decision making?

Carson et al. (2004)	Performance gains through diverse top management teams	Organizations that do not attempt to increase the diversity in their TMTs run to the risk of losing current performance benefits	What is the role of TMT demographics in foreign organizations outside USA? What is the role of mediator or moderator variable in the relationship between TMT and performance?
Orlando (2000)	Racial diversity, business strategy, and organization performance: A Resource-based view	The results demonstrate that cultural diversity does in fact add value and, within the proper context, contributes to organizational competitive advantage.	Measure the intervening variables poised to mediate on the relationship between diversity and organization performance, Measure other dimensions namely age and gender.
Pitts and Jarry (2007)	Ethnic diversity and organization performance: assessing diversity effects at the managerial and street levels	Process oriented problems cause diverse organizations to experience drawbacks instead of gains and that any benefits that could be drawn from diversity of viewpoints is overshadowed by communication and collaboration problems	Research on other dimensions of diversity other than ethnicity in the diversity - performance relationship.
Grund and Nielsen (2008)	Age structure of the workforce and organization performance	A pyramidal or inverse U shaped interrelation between the mean age of organizations' workforces and organization performance	The results in different countries with other institutional environments

Bantel and Jackson (1989)	Top Management and innovations in banking. Does the composition of TMT make a difference?	More innovative banks are managed by more educated teams who are more diverse in respect to their functional areas of expertise	Study TMTs with more diversity in respect to education, age and tenure
Chuang et al., (2004)	Organizational culture, group diversity and intra group conflict	Both organizational culture intensity and content have an impact on the work group functioning of diverse groups	How contextual and process variables interact with diversity to influence group outcomes
Irungu, (2007)	Effects of TMT on organization performance	The effect of top management characteristics on corporate performance differed in different sectors	Focus on non-financial measures of performance.
Simons et al., (1999)	Making use of Difference: Diversity, Debate and Decision comprehensiveness in Top Management Teams	For diversity to benefit a company's bottom-line, there must be a process by which the positive aspects of diversity are brought to bear	Other process variables to be considered as potential moderators and mediators of TMT diversity effects

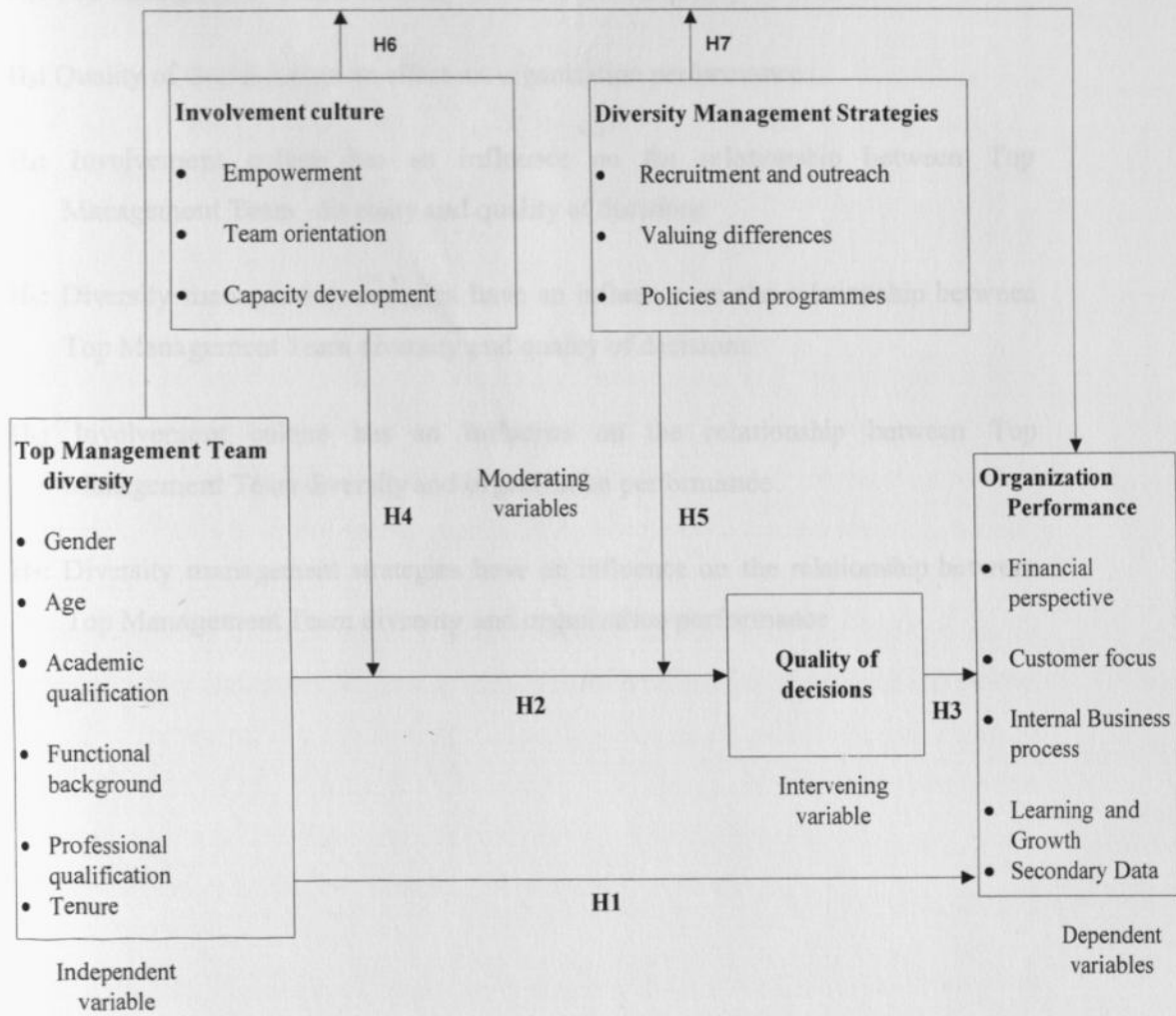
The study addressed the knowledge gaps raised in the Table 2.1 above. Most TMT diversity studies have been undertaken in the United States of America and this study found consistent results that TMT diversity has no significant effect on organization performance. In addition, the study used seven factors of TMT diversity, namely age, gender, academic qualifications, tenure, professional qualifications and functional background unlike most studies in the past which used three and below. The intervening variable used in the study was quality of decisions, two moderating variables, namely, involvement culture and diversity management strategies were also used to determine their influence on the relationship between TMT diversity and quality of decisions and TMT diversity and organization performance.

2.16 Conceptual Framework

The literature review indicates that there are several variables that affect the relationship between diversity of Top Management Teams and organization performance. It shows that diversity of the TMT affects the quality of decisions and thus organization performance. The study determined the effect of TMT diversity on the performance of organizations. It further determined the relationship between TMT diversity and quality of decision. Under hypothesis three, the study established the effect of quality of decisions on organization performance.

Further linkages in the study were to establish the influence of both involvement culture and diversity management strategies on the relationship between Top Management Team diversity and the quality of decisions. The linkages further tested the moderating effect of involvement culture and diversity management strategies on the relationship between TMT diversity and organization performance. The joint effect of the two moderating variable, namely involvement culture and diversity management strategies on the relationship between diverse Top Management Teams and quality of decisions and TMT diversity and the performance of organizations were also tested. The study further tested the intervening effect of quality of decisions on the relationship between TMT diversity and organization performance. These interrelationships are captured in Figure 2.1, a model depicting the conceptual framework for the study.

Figure 2.1: Conceptual Model of the factors affecting the relationship between Top Management Diversity and Organizational performance



2.17 Hypotheses

- H₁:** Top Management Team diversity has an effect on organization performance.
- H₂:** Top Management Teams diversity has an effect on quality of decisions.
- H₃:** Quality of decisions has an effect on organization performance.
- H₄:** Involvement culture has an influence on the relationship between Top Management Team diversity and quality of decisions
- H₅:** Diversity management strategies have an influence on the relationship between Top Management Team diversity and quality of decisions
- H₆:** Involvement culture has an influence on the relationship between Top Management Team diversity and organization performance
- H₇:** Diversity management strategies have an influence on the relationship between Top Management Team diversity and organization performance

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the research methodology used in the study. In particular, it discusses the research philosophy, research design, and population of study, sampling frame, data collection, data analysis, research variables measurements and analytical models.

3.2 Research Philosophy

Philosophy of science is the foundation of knowledge and the nature of that knowledge. It relates to the development of knowledge and is based on important assumptions about the way in which researchers view the world (Saunders, Lewis & Thornhill., 2007). Two common research philosophies exist in social research, namely positivism and phenomenology. This study was founded on the positivism philosophy which stresses the importance of scientific rigor in the quest for knowledge as opposed to the phenomenological approach which focuses on immediate experience, open and unstructured interviews and introspective reports where the researcher is part and parcel of the phenomena (Saunders, et al., 2007). In this study, positivistic approach was applied so that precision, objectivity and rigor replaced experience and intuition as the means of investigating the research problems.

The positivism philosophy is objective in nature and the researcher is assumed to be independent of what is being researched. It is quantitative and is based on real facts, neutrality, impartiality, consistency, measurement and validity of results. It thus maintains that knowledge is predicated on observations and experiments (Saunders, et al., 2007). Saunders et al. (2007) points out that positivism adopts a natural science stance where phenomena that can be objectively observed will lead to the production of credible data. We can only contribute to knowledge on TMT diversity and performance of commercial banks in Kenya by using existing theory and developing hypotheses which will be tested and supported, in whole or part or refuted, leading to further development of theory which may be tested by further research.

3.3 Research Design

The study was a cross sectional survey. These are surveys which target the entire population under study while case studies target a tiny minority in a sample. Cross sectional surveys are descriptive in nature and may support inferences of cause and effect. They involve collecting data at a specific time, unlike longitudinal studies which involves a series of observations of the study population over a period of time. The focus of this study was the effect of Top Management Team diversity on the performance of commercial banks in Kenya.

These banks are different in sizes and ownerships thus the research design enabled capture information on all the banks same time. Cross sectional studies, which represent the whole population, have been found to be robust in relationships studies (O'Sullivan & Abela, 2007). A research design under the positivism approach should provide confidence to the scientific community that the findings derived from following the design capture the reality and possess high levels of reliability and validity (Kerlinger, 2007).

3.4 Population of the study

The study targeted all commercial banks operating in Kenya. A list was obtained from The Central Bank of Kenya Annual Report, 2010 which indicated that there were 43 commercial banks as at December, 2010 (Appendix IV). The banking sector consists of both multinational banks and local banks operating mainly in urban areas while others have branches in other parts of the country. Some of these banks are privately owned, while others are wholly private foreign owned, partly state and publicly owned, and partly public and privately locally owned.

The banking sector was appropriate for the study due to the high level of competition and its impact on the economic growth of the other sectors through lending. There is also availability of data on the financial performance of banks in Kenya. The study targeted the Heads of Human Resources or equivalents who have insights on TMT diversity, diversity management strategies and organizational culture of their banks.

The Head of Human Resources or equivalent was requested to provide the Bio data of the TMT which was available. Such an approach was used by Bantel and Jackson (1989) in their study on Top management and innovation in banking.

3.5 Data Collection

The study used both primary and secondary data. The primary data focused on involvement culture, diversity management strategies and information on the four perspectives of the balanced scorecard while the secondary data focused on the Top Management Team characteristics and some performance measures, namely increase in customer deposits, Return on average assets and profits before tax.

The primary data was collected using a semi structured questionnaire. The questionnaire was divided into six parts, having both open and closed ended questions generated from previous empirical studies, theory and the researcher's own questions. The sections were divided into organizational profile, personal profile of the TMT and questions addressing the research objectives. The questionnaire was preferred because the respondents were literate and the same could be administered simultaneously to many respondents.

A five point likert type scale ranging from 5 to 1, where 5 was "to a very great extent" and 1 referred to "not at all" was used to measure the performance of the banks. Pitts (2009) used a perceptual measure of performance which found a strong connection between subjective and objective measures of performance, with a correlation coefficient of .80 percent. The study used scales previously used by Fredrickson (1984) and Miller et al. (1998) to measure the intervening variable, quality of decisions. The questionnaire was piloted in two of the commercial banks prior to the data collection to enable the researcher identify any unclear questions.

3.6 Reliability and validity of the research instruments

Reliability and validity are measures of "relevance" and "correctness". Reliability is a measure of the degree to which instrument yields consistent results or data after repeated trials and is influenced by random error. The reliability of the instrument was estimated using Cronbach's Alpha Coefficient which is used to assess the internal consistence or homogeneity among the research instrument items.

The alpha coefficient ranges in value from 0 to 1 and a high coefficient implies that the items correlate highly among themselves, that is, there is consistency among items in measuring the concept of interest (Mugenda & Mugenda, 2003). Cronbach's Alpha Coefficient value of 0.7 is considered strong. Cronbach Alpha was used to test the reliability of the instrument. The test provided a Cronbach Alpha of .861 which is good according to Nunnally (1978)

Validity is the accuracy and meaningfulness of inferences, which are based on the research results. It is the degree to which results obtained from the analysis of the data actually represent the phenomenon under study (Mugenda & Mugenda, 2003). It is largely determined by the presence or absence of systematic error of data (non-random error). This study used face validity where a panel of experts gave their input as to whether the instrument met the criterion. Other techniques of validating data are construct validity and content validity (Mugenda & Mugenda, 2003).

A pilot study was also conducted to find out the respondents understanding of the questionnaire. The instrument was then modified in the form of structure, placing questions on the characteristics of the TMT team at the end. Initially, the respondents became resistant when they encountered questions asking on the composition of the TMT at the bank but when they were put at the end, the response was better.

3.7 Measurements of the Research variables

This section provides operationalization of the independent variable, the intervening, moderating and the dependent variables. Table 3.1 outlines the relevant measures and various operational definitions used. The study was made up of five variables as indicated herein.

Independent variables account for the variance of the differences in the dependent variable. In this study, the independent variable was Top Management Teams (TMT) diversity which consists of observable attributes, namely gender and age and non observable attribute of academic background, functional background and tenure with the bank and tenure at the top management.

Data on TMT age was computed on an interval scale, gender diversity on a simple count of male and female, hence a direct measure, while data on academic qualification was captured on an ordinal scale with the highest academic level being assigned the highest score. Data on functional background and tenure was captured directly by requiring the respondents to state their functions and also the number of years they have spent within the organization and also at the top management.

In the study, the dependent variable was organization performance. A dependent variable is one that is influenced by some other variable. Kargar and Pernell (1996) were of the view that organization performance variables are both financial and non financial. The dependent variable, organization performance was based on four perspectives of the Balanced Scorecard approach, namely financial, customer, internal business processes and learning and growth. The study also used secondary data from the Banking Survey of Kenya for performance measures, increase in customer deposits, return on assets and profits before tax.

The intervening variable in the study was the quality of decisions. An intervening variable serves as a function of the independent variable in helping to conceptualize and explain the influence of the independent variable on the dependent variable. Moderating variables are those variables on which the relationship between two other variables is contingent. Cooper and Schendler (2003) provide some argument that a moderating variable is a second independent variable that is included because it is believed to have a significant contribution of contingent effect to the originally stated independent-dependent variable relationship. Moderating variables in the study were involvement culture and diversity management strategies. The diversity management strategies under study were recruitment and outreach, valuing differences and policies and programmes while involvement culture was composed of empowerment, team orientation and capacity development.

3.8 Operationalization of the Research Variables

Table 3.1: Operational definition of the variables

Variable	Operational definition	Measure	Section/ Question number
Diversity of Top Management Team - Independent variable			Section 6
Gender	Male/female	Direct measure	6
Age	No of years one has lived	Interval scale	6
Education Level	Highest level of academic qualifications	Ordinal measure	6
Tenure	No of years the Executive had spent in the bank	Direct measure	6
	Total number of years spent in the bank as a member of TMT	Direct measure	6
Professional qualification	Area of specialty	Direct measure	6
Functional background	Area of specialty with most experience	Direct measure	6
Involvement Culture (moderating variable)			Section 2
Empowerment	Information sharing about the status of the organization and participation in decision making	Likert type scale	1-3
Team orientation	Extent of decision making and problem solving	Likert type scale	4-6
Capability development	Training, which involves raising the skills level to enable the make effective decisions	Likert type Scale	7-9
Diversity Management strategies (moderating variable)			Section 3
Recruitment and outreach	Attracting, recruiting and selecting diversity, retaining diverse employees	Likert type scale	1-3
Valuing diversity	Having awareness encouraging diversity	Likert type scale	4-6
Policies and programmes	Policies and programmes promote diversity in the workplace	Likert type scale	7-9
Quality of decisions(Intervening Variable)			Section 4
Problem determination	Extent of brainstorming	Likert type Scale	1-4
Generating alternatives	Several alternatives considered seriously considered	Likert type Scale	5-10
Final decision and integration	Extensive analysis comparing several alternatives before final decision	Likert type Scale	11-15

Organization performance – Dependent variable			Section 5
Balanced scorecard perspectives	Financial , Customer, Internal business process and learning and growth	Likert type Scale, Secondary data	

3.9 Data Analysis

Data was analyzed through a combination of descriptive and inferential statistics. Descriptive statistics was used to describe the characteristics of the TMT in commercial banks in Kenya. Other related studies have used similar approach to establish similar characteristics of TMT (Hambrick & Mason, 1986; Bryman & Bell, 2003; Irungu 2007).

Regression analysis was used to examine the extent to which a dependent variable was a function of one or several independent variables. This is an appropriate method of analysis to determine the relationship of a single dependent variable and several independent variables (Robson, 2002; Field, 2005; Irungu, 2007).

Simple regression analyses were used to calculate the independent effect of the independent variable, TMT diversity on organization performance, TMT diversity on quality of decisions and quality of decisions on organization performance (H₁, H₂, and H₃) Multiple regression analysis was used to find out the moderating effect of involvement culture and diversity management strategies on the relationship between Top management diversity and quality of decisions (H₄ and H₅) and TMT and organization performance (H₆ and H₇). Other scholars have used similar approaches in their studies on diverse Top Management Teams and organization performance.

Since the various variables have different operational definitions, the model was decomposed into constituent operational variables as illustrated below;

Table 3.2: Research Objectives, Hypotheses and Analytical Methods

OBJECTIVE	HYPOTHESIS	ANALYTICAL MODEL
<p>1. To establish the effect of Top Management Team diversity and organization performance</p>	<p>H₁: Top Management Team diversity has an effect on organization performance</p>	<p>Regression Analysis $P = f(\text{Diverse TMT})$ $QD = a + \beta_{11}X_1 + \beta_{12}X_2 + \beta_{13}X_3 + \beta_{14}X_4 + \beta_{15}X_5 + \beta_{16}X_6 + \epsilon_1$ Where: a = intercept $\beta_{11}, \beta_{12}, \dots, \beta_{16}$ are beta coefficients for H₁ X₁, X₂, X₃, X₄, X₅ and X₆ represent dimensions of diverse TMT X₁ = Gender X₂ = Age X₃ = Academic qualifications X₄ = Tenure X₅ = Professional background X₆ = Functional background</p>
<p>2. To Assess the relationship between Top Management Team diversity and quality of decisions</p>	<p>H₂: Top Management Team has an effect on quality of decisions</p>	<p>Regression Analysis $QD = f(\text{Diverse TMT})$ $QD = a + \beta_{21}X_1 + \beta_{22}X_2 + \beta_{23}X_3 + \beta_{24}X_4 + \beta_{25}X_5 + \beta_{26}X_6 + \epsilon_1$ Where: a = intercept $\beta_{21}, \beta_{22}, \dots, \beta_{26}$ are beta coefficients for H₁ X₁, X₂, X₃, X₄, X₅ and X₆ represent dimensions of TMT diversity</p>
<p>3. To find out the effect of quality of decisions on organization performance</p>	<p>H₃: Quality of decisions has an effect on organization performance</p>	<p>Regression Analysis $P = f(QD)$ $P = a + \beta_{31}X_9 + \epsilon_9$ Where: a = intercept and X₉ represent quality of decisions</p>
<p>4. To determine the influence of an involvement culture and diversity management strategies on the relationship between Top Management Team diversity and quality of decisions.</p>	<p>H₄: Involvement culture has an influence on the relationship between diverse Top Management Team and quality of decisions</p>	<p>Multiple Regression Analysis Quality of Decisions = f (Diverse TMT + involvement culture) $QD = a + \beta_{41}X_1 + \beta_{42}X_2 + \beta_{43}X_3 + \beta_{44}X_4 + \beta_{45}X_5 + \beta_{46}X_6 + \beta_{47}X_7 + \epsilon_4$ Where: a = intercept $\beta_{41}, \beta_{42}, \dots, \beta_{47}$ are beta coefficients for H₄ X₁, X₂, X₃, X₄ and X₅ represent dimensions of diverse TMT X₇ represent involvement culture</p>

<p>4. To determine the influence of an involvement culture and diversity management strategies on the relationship between Top Management Team diversity and quality of decisions.</p>	<p>H₅: Diversity management strategies have an influence of on the relationship between diverse Top Management Team and quality of decisions</p>	<p>Multiple Regression Analysis Quality of Decisions = f (Diversity of TMT + Diversity management strategies) $QD = a + \beta_{51}X_1 + \beta_{52}X_2 + \beta_{53}X_3 + \beta_{54}X_4 + \beta_{55}X_5 + \beta_{56}X_6 + \beta_{58}X_8 + \epsilon_5$ Where: a = intercept $\beta_{51}, \beta_{52} \dots \beta_{58}$ are beta coefficients for H₅ X₁, X₂, X₃, X₄ and X₅ represent dimensions of diverse TMT X₈ represent diversity management strategies</p>
<p>5. To determine the influence of an involvement culture and diversity management strategies on the relationship between Top Management Team diversity and organization performance.</p>	<p>H₆: Involvement culture has an influence on the relationship between diverse Top Management Team and organization performance</p>	<p>Multiple Regression Analysis Organization performance = f (Diverse TMT + involvement culture) $P = a + \beta_{61}X_1 + \beta_{62}X_2 + \beta_{63}X_3 + \beta_{64}X_4 + \beta_{65}X_5 + \beta_{66}X_6 + \beta_{67}X_7 + \epsilon_6$ Where: a = intercept $\beta_{61}, \beta_{62} \dots \beta_{67}$ are beta coefficients for H₆ X₇ represent involvement culture</p>
<p>5. To determine the influence of an involvement culture and diversity management strategies on the relationship between Top Management Team diversity and organization performance.</p>	<p>H₇: Diversity management strategies have an influence on the relationship between diverse Top Management Team and organization performance</p>	<p>Multiple Regression Analysis $P = a + \beta_{71}X_1 + \beta_{72}X_2 + \beta_{73}X_3 + \beta_{74}X_4 + \beta_{75}X_5 + \beta_{76}X_6 + \beta_{78}X_8 + \epsilon_8$ Where: a = intercept P = Organization performance $\beta_{71}, \beta_{72} \dots \beta_{78}$ are beta coefficients for H₇ X₈ represent diversity management strategies</p>

CHAPTER FOUR

RESEARCH FINDINGS

4.1 Introduction

This chapter presents the research findings. The broad objective of the study was to determine the influence of Top Management Team diversity on organization performance. There were five specific objectives addressed in this study. They were to (i) establish the effect of Top Management Team diversity on organization performance; (ii) assess the relationship between Top Management Team diversity and quality of decisions; (iii) find out the effect of quality of decisions on organization performance; (iv) determine the influence of an involvement culture and diversity management strategies on the relationship between Top Management Team diversity and quality of decisions; (v) determine the influence of an involvement culture and diversity management strategies on the relationship between Top Management Team diversity and organization performance.

Descriptive statistics were used to analyze the bio data while simple regression analysis was used to determine the effect of TMT diversity on organization performance, TMT diversity and quality of decisions and on the effect of quality of decisions on organization performance. Correlation analyses of the factors making up the major variables were also done as presented in Tables A1 to A10.

Multiple regression analyses were used to determine the moderating effect of involvement culture and diversity management strategies on the relationship between the TMT diversity and quality of decision and TMT diversity and organization performance. The study was broadly based on the assumption that Top Management Team diversity has an effect on quality of decisions and on the performance of organizations. In total, responses from 32 banks were studied, analysis carried out and the seven hypotheses tested at 95%, 99% and 99.9 % confidence level.

The chapter presents the demographic profile of the banks which responded and the findings of the seven hypotheses which were tested under five objectives.

4.2 Demographic profile of responding Banks

The respondents of the study were Heads of Human Resources in commercial banks in Kenya. The researcher first called the respondents through the telephone, introduced herself and explained the purpose on the study. Thereafter, the questionnaires were emailed or dropped at the banks. Out of the targeted 43 banks, 33 responded, although one bank filled the questionnaire but failed to provide information on the TMT, making it difficult to use the questionnaire which was discarded. The response rate for the study was therefore 74%.

This was a good response rate considering the sensitivity of the study (Top Management Team diversity and the performance of the banks) and the level of respondents, who were the Heads of Human Resources or their equivalents. Locally, Irungu (2007) undertook a similar study targeting companies listed at the Nairobi Stock Exchange and had a response rate of 74%. The largest TMT comprised of nineteen members while the smallest had two team members.

4.2.1 Bank Ownership

Most commercial banks in Kenya are privately owned. Those owned by the government were the least. The results of bank ownership are represented in Table 4.1.

Table 4.1: Distribution of Bank Ownership

Bank Ownership	Frequency	Percent
Wholly private locally owned	9	27.3
Wholly private foreign owned	8	24.2
Wholly private local and foreign owned	8	24.2
Wholly government owned	2	6.1
Quoted on NSE local owned	6	18.2
Total	33	100.0

From the results in Table 4.1, wholly private locally owned represented the highest ownership with 27.3% of the banks. Banks which are wholly private foreign owned and wholly private local and foreign owned were at the same number with 24%.

The distribution indicates that most of the commercial banks in Kenya are private and are almost equally distributed between private local, private foreign and a combination of private local and foreign owned. Government owned banks were the least at only 2 percent. We can therefore conclude that the majority of the commercial banks in Kenya are privately owned

4.2.2 Years of Existence of the banks

The majority of the banks have been in existence for over 10 years. The results of existence of the banks are represented in Table 4.2.

Table 4.2: Distribution of banks by years in operation

No. of Years	Frequency	Percent
Below 5 Years	4	12.1
6-10 Years	1	3.0
11-20 Years	6	18.2
21-30 Years	10	30.3
Over 31 Years	12	36.4
Total	33	100.0

Majority of responding banks have been in existence for more than 31 years (36.4%). The results reveal that 66.7% of the banks have operated for more than 21 years. Those in existence for between 6 and 10 years were the fewest at 3 % while 12.1% of the banks have been in existence for less than 5 years.

Whereas the highest number of banks (36.4%) has operated for over 21 years, it is noted that there was high banking expansion 20 to 30 years ago with ten new banks opened during that period. However for the last ten years, only half of that number, namely five banks have been opened with only one bank opened six to ten years ago. The differences in the number of banks entering the market during certain periods are a reflection of the operating environment during that time.

4.2.3 Number of full time Employees

Out of the 33 banks which responded, the majority had more than 100 employees. The results of the study are indicated in Table 4.3

Table 4.3: Distribution of employees by numbers in full time employment

No. of Employees	Frequency	Percent
Below 50	2	6.1
51-100	4	12.1
101-250	9	27.3
251-500	9	27.3
501 plus	9	27.3
Total	33	100.0

From the results in Table 4.3, most of the banks (81.9%) had more than 100 employees. Only 6.1 percent of the banks had less than 50 employees. The majority of banks had between 101 and 500 employees.

4.2.4 The characteristics of the TMT

The respondents of the study, who were the Heads of Human Resources in the banks were required to give information on the characteristics of the Top Management Team since they are the custodians of staff bio data. The questionnaire asking for this information was structured in a way that the Heads of The Human Resources were able to list the positions of the TMT, and then tick their respective gender, age bracket, tenure in the banks, and tenure at the top management, academic qualifications, professional qualifications and the functional back grounds of each.

Surprisingly, 30 banks gave the data as required in the questionnaire while another two (2), gave their Audited Accounts for the researcher to extract information on the characteristics of the Top Management Team. This is understood considering the ongoing debate in Kenya on affirmative action following promulgation of the new Constitution in August 2010. Some Heads of Human Resources who know that their TMT do not reflect diversity especially on gender may not be willing to give such data as they may feel exposed.

Table 4.4: Characteristics of the TMT

POS.	GENDER			AGE BRACKET								YEARS OF SERVICE WITH BANK					YEARS OF SERVICE AT TOP MGMT IN BANK				
	M	F	Tot.	-30	31-35	36-40	41-45	46-50	51-55	56-60	61+	-5	6 to 10	11 to 15	16-20	21+	-5	6 to 10	11 to 15	16-20	21 +
FIN.	23	4	27	0	6	8	7	3	1	1	1	11	11	2		3	18	7	1	0	1
AU	12	1	13	0	2	3	2	2	3	1	0	7	2	1	1	2	9	1	1	1	1
HR	13	13	26	1	3	6	5	4	5	2	0	13	4	6	2	1	17	4	5	0	0
CRE	18	2	20	0	1	5	6	4	1	3	0	6	11	1	1	1	10	9	0	1	0
OPE	18	7	25	0	1	5	8	5	3	2	1	13	6	0	1	5	15	7	1	1	1
LEG	4	7	11	0	2	3	1	2	3		0	4	3	1	2	1	6	4	1	0	0
RIS	8	5	13	1	2	5	2	1	2	0	0	6	4	0	1	0	6	3	3	0	1
TRE	7	2	9	0	1	1	4	1	2	0	0	5	1	2	0	1	5	3	1	0	0
RET	8	2	10	0	0	4	2	2	2	0	0	7	2	0	0	1	6	2	0	0	1
CO	13	2	15	0	2	2	6	3	1	1	0	5	5	2	0	3	9	4	2	0	0
	124	45	169	2	20	42	43	27	23	10	2	77	49	15	8	18	101	44	15	3	5

Where

Fin- Finance

AU- Audit

HR- Human Resources

CRE- Credit

M- Male

LEG- Legal

RIS- Risk

TRE- Treasury

RET- Retail

F- Female

OPE- Operations

CO- Corporate

POS- Position

TOT.- Total

The characteristics of the TMT diversity are provided in Table 4.4. The TMT in the study was 169 from the 32 banks which responded. The analysis was based on an earlier study by Murray (1989) and Pegels et al (2000). The 169 individuals were reporting directly to the Managing Directors /Chief Executive Officers (CEO).

One hundred and twenty four which represents 73 per cent were male while 45 which represent 27 per cent were female. Of these positions reporting directly to the CEO, Finance had the highest number at 27 followed by Human Resources at 26 and Operations at 25. The position with least the number was Treasury at 9 out of the 32 banks captured in the survey.

Out of the 169 TMT members, 43 of them which represent 25 percent were aged between 41 and 45 years while another 42 which also represents 25 percent were aged between 36 and 40 years. Only two members were aged below 30 years. They were from the human resources and risk management departments while another 2 from operations and finance departments were aged above 60 years. A total of 101 members of the TMT had worked with the bank for less than 5 years while another 44 has worked for 6 to 10 years. Only 5 TMT members had worked for over 21 years.

On the number of years worked as members of the Top Management Team, 77 which represent 46 percent had only been at the bank for five years and below while another 49 had been at the top for 6 to 10 years. Another 18 which represents 11 percent had worked for the bank for over 21 years. More than 50 percent had been at the top management team for less than 5 years. Out of the sample data, the majority of the TMT had 8 members which reflect 45 percent of the banks. Six banks had a TMT made up of 7 members while the smallest TMT had two members

4.3 Top Management Team Diversity and Organization Performance

The Top Management Team diversity under study was gender, age, tenure in the bank service, tenure at the top management, academic qualifications, professional qualifications and functional background. Organization performance was measured using the four perspectives of the balanced scorecard approach, namely financial, customer, internal business processes and learning and growth. Quantitative measures of performance, namely, increase in customer deposits, return on average assets and gross profit which was obtained from secondary data was also used.

Hypothesis 1 sought to determine the effect of Top Management Team Diversity on Organization Performance. Regression analysis was done to determine the effect of the independent variable, (TMT diversity) on the dependent variable, (organization performance). Table 4.5 below reflects the results of the effect of the factors making up the independent variable, TMT diversity on the dependent variable.

Table 4.6 is a summary of results of the effect of factors making up TMT diversity on the four perspectives of the Balanced Scorecard approach, the main measure of organization performance used in the study. The researcher went further and analyzed the effect of TMT diversity on an additional three performance measures obtained from secondary data, namely, increase in customer deposits, return on average assets and profits before tax. This was to determine how the performance results obtained through the questionnaire compared with performance results obtained from secondary data. The results are presented in Table 4.7.

Table 4.5: The effect of TMT diversity on overall Organization Performance

Model		Unstandardized Coefficients		Standardized Coefficients
		B	Std. Error	Beta
	(Constant)	40.700	4.750	
	Gender Diversity	-7.498	7.444	-.206
	Age Diversity	-2.337	2.863	-.216
	Tenure diversity in bank service	2.333	2.016	.300
	Tenure diversity at top management	-2.716	2.657	-.260
	Academic diversity	-.180	2.339	-.017
	Professional qualifications diversity	-5.504	7.456	-.184
	Functional backgrounds diversity	7.188	7.368	.252
r = .437		R Squared = .191		Durbin-Watson = 2.042
F = .740				

P < .05

Dependent variable - Organization Performance

From the results of the regression analysis in Table 4.5, factors making up the Top Management Team diversity have a positive though not significant relationship with the overall organization performance with r value of .437. The value of R² is .191, meaning that Top Management Team diversity can only account for 19.1 per cent of the variance of organization performance, with 80.9 per cent accounted for by other factors. The Durbin-Watson value is 2.042, showing that the data is good for the analysis. The F ratio which is .740 is not significant meaning that the regression model does not predict the organization performance significantly well.

The beta values show the degree each predictor affects the outcome when all other predictors are held constant. Tenure in the bank had the highest positive though insignificant effect on organization performance at $\beta = .300$ while functional background diversity had an effect of $\beta = .252$. These were the only two factors with positive effect on the overall organization performance.

All the other factors of TMT diversity have a negative effect on the organization performance. These included gender ($\beta = -.206$), age ($\beta = -.216$), Academic qualifications with $\beta = -.017$, tenure diversity at the top ($\beta = -.260$) and professional qualifications ($\beta = -.184$). It was observed that the *t*-statistics for this model shows that none of the factors of TMT diversity is contributing significantly to the outcome. We can therefore conclude that TMT diversity has no significant effect on organization performance. As stated below, Table 4.6 gives the summary results for the effect of the factors making up the Top Management Team diversity on each of the four perspectives of organization performance using the balanced score card.

Table 4.6: Summary results for the effect of TMT Diversity on the four perspectives of Organization Performance

Control Variables	Financial Perspective			Customer Perspective			IBP Perspective			Learning and Growth Perspective		
	B	SE	β	B	SE	B	B	SE	β	B	SE	B
Constant	8.999	1.709		11.616	1.516		7.276	1.374		12.810	1.416	
Gender	2.711	2.678	-.208	-1.494	2.376	-.127	-.800	2.154	-.074	-2.493	2.219	-.207
Age	1.178	1.030	.303	-.344	.914	-.098	-.002	.828	-.001	-.813	.853	-.226
Tenure with bank	.391	.725	.140	.525	.644	.208	.472	.583	.203	.944	.601	.367
Tenure at top Management	.657	.956	.175	-.689	.848	-.203	-1.393	.769	-.446*	-1.291	.792	-.373
Academic qualifications	-.675	.841	-.179	-.669	.747	-.197	.258	.677	.082	.906	.697	.260
Professional qualifications	3.017	2.682	-.282	-2.733	2.380	-.282	2.986	2.157	.334	-2.741	2.222	-.277
Functional Back Ground	2.659	2.650	.260	4.453	2.352	.482*	-1.201	2.132	-.141	1.277	2.196	.135
	R = .433 R Square=.187 Change R Squared=.187 F Change=.723 Durbin Watson=2.382			R = .465 R Square=.217 Change R Squared=.217 F Change=.869 Durbin Watson=1.745			R=.494 R Square=.244 Change R Squared=.244 F Change=1.015 Durbin Watson = 2.085			R= .588 R Square=.345 Change R Squared=.345 F Change=1.657 Durbin Watson =1.749		

* P < .05

Table 4.6 shows the effect of the factors making up TMT diversity on the four perspectives of performance. The analyses of the results are presented below;

4.3.1 The effect of TMT diversity on Financial Perspective

The results in the table above show that there is a positive but not significant relationship between the TMT diversity factors and financial performance perspective with $r = .433$. The value of R^2 is .187, meaning that factors making up TMT diversity can explain only 18.7 percent of financial perspective of performance, while the other 81.3 percent is explained by other factors.

The F ratio which is .723 is not significant, meaning that the regression model does not predict the financial performance perspective significantly well. The F ratio is the ratio of the average variability in the data that a given model can explain to the average variability unexplained by the model and is used to test the overall fit of a model in simple regression (Field, 2009). The Durbin-Watson value is 2.382, showing that the data is good for the analysis.

The results in Table 4.6 further show that when the factors making up TMT diversity were entered with the financial performance perspective, tenure in bank service with $\beta = .391$, tenure at the top management with $\beta = .657$ and functional diversity $\beta = .260$ indicated positive but not significant effect. Negative effect was indicated by gender ($\beta = -.208$), age ($\beta = -.303$), academic diversity ($\beta = -.179$) and professional qualifications ($\beta = -.282$).

Functional background was found to have the strongest positive effect on financial performance. Since the results were not statistically significant, we can conclude that TMT diversity has no significant effect on the financial perspective of performance.

4.3.2 The effect of TMT diversity on Customer Perspective

On the effect of TMT diversity on the customer perspective of performance, the study found r value = .465. The value of R^2 is .217 which indicates that factors making up TMT diversity can explain 21.7 percent of customer perspective, which is higher than that of the financial perspective while the other 78.3 percent is explained by other factors. The Durbin-Watson value is 1.745, showing that the data is good for the analysis as per the results in Table 4.6.

Durbin Watson tests for serial errors in regression models. The values are between 0 and 4 thus values less than 1 or greater than 3 are not good for the analysis of data (Field, 2009). The F ratio which was .869 is not significant meaning that the regression model does not predict the customer perspective of performance significantly well.

Functional background diversity had a positive significant effect on customer perspective with $\beta = .482$ at $p=.072$. Tenure diversity in the bank service also had a positive but not significant effect on the customer perspective of performance with $\beta = .208$. Negative effect was recorded for all the other factors of TMT diversity, namely gender ($\beta = -.127$), age ($\beta = -.098$), tenure diversity at the top management ($\beta = -.203$), academic qualifications ($\beta = -.197$) and professional qualifications ($\beta = -.282$). We can conclude that TMT diversity does not have a significant effect on the customer perspective of the balanced scorecard approach except for functional background.

4.3.3 The effect of TMT diversity on internal Business Processes Perspective

The research results for the effect of TMT diversity on the internal Business Processes Perspective showed that the relationship was not significant with $r = .494$. The value of R^2 is .244, meaning that factors making up TMT diversity can explain 24 percent of internal business processes perspective of performance while the other 76 percent is explained by other factors.

The Durbin-Watson value is 2.085, showing that the data is good for the analysis. The F ratio was 1.015 and was not statistically significant meaning that the regression model does not predict the internal business processes perspective of performance significantly well. Positive effect for the beta values is indicated for academic diversity ($\beta = .082$), tenure in bank service ($\beta = .203$) and professional qualifications ($\beta = .334$). Negative effect is however indicated by gender ($\beta = -.074$), age ($\beta = -.001$), tenure at the top management ($\beta = -.446$) and functional diversity ($\beta = -.141$).

Professional qualification had a positive effect ($\beta = .179$) while functional background did not have a positive effect on internal business perspective unlike in the case with customer perspective and financial perspective, though the effects were not significant. We can therefore conclude that TMT diversity is not statistically significant at predicting the internal business processes perspective of the balanced scorecard approach.

4.3.4 The effect of TMT diversity on Learning and Growth Perspective

The research results for the effect of TMT diversity on the learning and growth in Table 4.6 above showed that there is a positive but not significant relationship between the TMT diversity factors and learning and growth perspective of performance with $r = .588$. The value of R^2 is .345, meaning that factors making up TMT diversity can explain 35 percent of learning and growth perspective of performance while 65 percent is explained by other factors.

The Durbin-Watson value is 1.749, showing that the data is good for the analysis as it lies between one and three while the F- ratio was 1.657 and shows that the regression model does not predict the learning and growth perspective significantly well. Tenure in the bank service indicates the strongest positive effect ($\beta = .367$), though not significant on the learning and growth perspective of performance. Positive effect is also indicated for functional diversity ($\beta = .135$) and academic qualifications ($\beta = .260$) while negative effect is indicated by age ($\beta = -.226$), gender ($\beta = -.207$), tenure at the top management ($\beta = -.374$) and professional qualification ($\beta = -.277$). The results were therefore found to be statistically insignificant.

In summary, we can conclude that learning and growth has the strongest relationship with the factors of TMT diversity followed by internal business processes while TMT diversity and financial perspective had the lowest relationship among the four perspectives of performance. We can conclude further that the effect of TMT diversity on the overall organization performance compares well with the effect of TMT diversity on the factors making up organization performance, namely financial, customer, internal business processes and learning and growth perspectives. From the analysis, gender and age had a negative effect on the overall organization performance and also with each of the four perspectives of performance. Tenure at the top management also has a negative effect on the overall performance and all the four perspectives of performance except the financial one.

Academic qualifications and professional qualifications had almost the same effect on the overall organization performance and on the four perspectives of performance with the exception of learning and growth perspective which is affected positively by academic qualifications and negatively by the professional qualifications. Tenure with the bank service is the only factor of TMT which affects the overall organization performance and all the four perspectives of performance positively.

Functional background also affects the overall organization performance and all perspectives of performance positively except for internal business processes perspective which is affected negatively. All in all, the effects are not significant and thus can conclude that TMT diversity has no significant effect on organization performance.

The study also analyzed how TMT diversity affects customer deposits, return on assets and profit before tax as presented in Table 4.7. This data was obtained from the Banking Survey of Kenya and aimed at analyzing how the results on organization performance based on subjective and objective measures of performance compared.

Table 4.7: The summary results of the effect of the factors of TMT diversity Measures on Financial Indicators of Performance

Factors of TMT diversity	Increase in Customer deposits			Return on Average Assets			Profits before Tax		
	B	SE	β	B	SE	β	B	SE	β
Constant	3.489	1.052		2.689	1.107		7.537	2.116	
Gender	-1.127	1.649	-.140	-.299	1.734	-.033	-4.903	3.316	-.299
Age	-.470	.634	-.196	-.153	.667	-.057	1.233	1.276	.252
Tenure with bank	-.506	.447	-.294	.403	.470	.209	-.321	.898	-.092
Tenure at top	.934	.589	.404	.807	.619	.312	-.281	1.184	-.060
Academic qualifications	-.418	.518	-.180	.426	.545	.164	-.483	1.042	-.102
Professional qualifications	.521	1.651	.079	-1.000	1.737	-.135	-2.296	3.322	-.170
Functional Background	.855	1.632	.136	.595	1.717	.084	-1.619	3.282	-.126
	r = .436 R Square = .190 F Change = .736 P = .644 Durbin Watson = 2.156			r = .534 R Square = .286 F Change = 1.257 P = .316 Durbin Watson = 2.014			r = .460 R Square = .211 F Change = .841 P = .565 Durbin Watson = 1.739		

P < .05

The summary for the regression analysis results of the effect of TMT diversity on the three factors of performance from secondary data, namely increase in customer deposits, return on average assets and profit before tax are presented in Table 4.7

4.3.5 The effect of TMT diversity on Increase of Customer Deposits

The results of the regression analysis in Table 4.7 showed a positive but not significant relationship between the TMT diversity factors and increase in customer deposits with $r = .436$. The value of R^2 is .190, meaning that factors making up TMT diversity can explain 19 percent of increase in customer deposits while the other 81 percent is explained by other factors.

The Durbin-Watson value is 2.156, showing that the data is good for analysis. The F ratio which was .736 is not significant meaning that the regression model does not predict the organization performance significantly well. The results show statistically insignificant effect of the Top Management Team diversity factors on increase in customer deposits. Positive though insignificant effect is indicated for tenure diversity at the top ($\beta = .404$) which is the highest and functional back ground ($\beta = .136$) with professional qualifications ($\beta = .079$). Negative effect is indicated by gender ($\beta = -.140$), age ($\beta = -.196$), tenure diversity in bank service ($\beta = -.294$) and academic qualifications ($\beta = -.180$).

These results compare well with those analyzed earlier on the effects of TMT diversity on the customer perspective of performance. The analysis of both the primary and secondary data on organization performance based on the customer show that functional background diversity had a positive though insignificant effect on customer perspective and increase in customer deposits. The two analyses also compare well in that negative effect was recorded for factors of TMT diversity, namely gender, age and academic qualifications on both customer perspective and increase in customer deposits.

The only different effect of factors of TMT noted in the two analyses was professional qualifications and tenure diversity in the bank service. Professional qualifications diversity had a negative effect on customer perspective while it had a positive effect on the increase in customer deposits. On the other hand, tenure in bank service had a negative effect on increase in customer perspective while tenure at the top management had a positive though not significant effect on the same relationship.

4.3.6 The effect of TMT diversity on Return on Average Assets

The model results in Table 4.7 show that there is a positive but not significant relationship between the TMT diversity factors and return on average assets with $r = .534$. The value of R^2 is .286, meaning that factors making up TMT diversity can explain 29 percent of return on average assets while the other 71 percent is explained by other factors.

The Durbin-Watson value is 2.014, showing that the data is good for the analysis. The F ratio which was 1.257 is not significant meaning that the regression model does not predict the return on average assets significantly well. The results in the table above show statistically insignificant effect of the Top Management Team diversity factors on return of average assets. Positive effect is indicated for academic diversity ($\beta = .164$), tenure in bank service ($\beta = .209$), tenure at the top management ($\beta = .312$) and functional background ($\beta = .084$).

Negative effect is shown by gender ($\beta = -.033$), age ($\beta = -.057$) and professional qualifications ($\beta = -.135$). Tenure in the bank service has the strongest positive effect while functional background diversity has the lowest though insignificant effect on the return on average assets.

These results compare well with those of the effect of TMT diversity on the financial perspective of performance. When the factors of TMT diversity were entered with financial perspective and also with return on average assets, both results showed positive but not significant effects with tenure in bank service, tenure at the top management and functional diversity. Negative effect on financial perspective and return on average assets was indicated by gender, age and academic qualifications. We can therefore conclude that TMT diversity had no significant effect on return on average assets.

4.3.7 The effect of TMT diversity on Profits before Tax

The research results for the effect of TMT diversity on profit before tax showed that a positive relationship exists between the TMT diversity factors and profits before tax with, $r = .460$. The relationship was however not significant. The value of R^2 is $.211$, meaning that factors making up TMT diversity can explain 21 percent of profits before tax while the other 79 percent is explained by other factors. The Durbin-Watson value is 1.739, showing that the data is good for the analysis. The F ratio which was $.841$ is not significant meaning that the regression model does not predict the profits before tax.

The results for the significance of the effect of TMT diversity on profits before tax show statistically insignificant effect of the Top Management Team diversity factors on profits before tax. Surprisingly, positive effect was only indicated for age with $\beta = .203$ while all the other factors had a negative effect. This positive effect of age should not be taken into account but treated as an outlier since age has had negative effects on the four perspectives of performance and on both increase in customer deposits and return on average profits. This therefore means that factors of TMT diversity have a negative effect on profits before tax.

The results on the summary of the effect of TMT diversity on factors of performance from secondary data have a lot of similarities with those of the effect of TMT diversity on the four perspectives of performance based on the balanced scorecard. Further, it is noted that some factors of TMT diversity, namely gender, age and academic qualifications consistently affect performance negatively while tenure with the bank and functional background diversity seems to have a positive affect organization performance. We can therefore conclude beyond reasonable doubt that TMT diversity has no significant effect on organization performance.

4.4 Top Management Team Diversity and Quality of Decisions

The second hypothesis sought to establish the effect of TMT diversity on the quality of decisions. The Top Management Team diversity under study was gender, age, tenure in the bank service, tenure at the Top management, academic, professional diversity and functional background while quality of decisions consist of determining the cause of major action, generating alternatives to solve problems and final decision and decision integration.

Simple regression analysis was done to determine the effect of the factors which make up TMT diversity on the quality of decisions as presented in Table 4.8.

Table 4.8: Effect of TMT Diversity on Quality of Decisions

Model	Unstandardized Coefficients		Standardized Coefficients
	B	Std. Error	Beta
(Constant)	10.510	1.314	
Gender Diversity	-.438	2.059	-.043
Age Diversity	-.383	.792	-.125
Tenure diversity in bank service	1.231	.558	.561*
Tenure diversity at top management	-.778	.735	-.263
Academic diversity	-.021	.647	-.007
Professional qualifications diversity	1.037	2.062	.123
Functional backgrounds diversity	.743	2.038	.092
Dependent Variable: QUALITY OF DECISIONS			
r = .474			
R Squared = .225		Durbin-Watson = 1.843	
F = .911			

*P < .05

Table 4.8 presents the results of the regression analysis, with $r = .474$ which shows a positive relationship between the factors making up TMT diversity and quality of decisions. The value of R^2 is .225, meaning that factors making up TMT diversity can explain 22.5 percent of quality of decisions. The rest, 77.5 percent is explained by other factors. The Durbin-Watson value is 1.843, showing that the data is good for the analysis. The F ratio is .911 and is not significant meaning that the regression model does not predict the organization performance significantly well.

The results in Table 4.8 further show that tenure in the bank, has a significant effect on quality of decisions with $\beta = .561$ at $p < .05$. Other effect which are positive though not significant on quality of decisions are professional qualifications diversity ($\beta = .123$) and functional background ($\beta = .092$). All the other factors of TMT diversity, namely, age, gender, academic qualifications, tenure at the top management have a negative effect on the quality of decisions, which was not significant. We can therefore conclude that Tenure at the bank has a significant effect on quality of decisions.

4.5 Quality of Decisions and Organization Performance

The third hypothesis in the study was to test the effect of quality of decisions on organization performance. This was to address the third objective which sought to find out how quality of decisions affects organization performance. The researcher hypothesized that the quality of decisions has an effect on the performance of the organizations.

For the purpose of the study, quality of decisions was made up of the factors taken into account when determining the cause of a major problem, when generating alternatives to solve problems and the when arriving at the final decision. Organization performance was composed of the four perspectives of the balanced score card, namely, financial, customer, internal business processes and learning and growth.

4.5.1 Quality of Decisions and Overall Organization Performance

The first analysis determined how the overall quality of decisions affects the overall organization performance while a second analysis tested how the factors making up quality of decisions affect each of the four factors making up organization performance using the balanced scorecard approach. This was done using simple regression analysis. The results of the effect of quality of decisions on the overall organization performance are presented in Table 4.9 while results of how the factors making up quality of decisions affect the four perspectives of organization performance based on the balance scorecard approach are presented in Table 4.10.

Table 4.9: The effect of Quality of Decisions on the overall Organization Performance

Model	OVERALL ORGANIZATION PERFORMANCE		
	B	Std. Error	Beta
(Constant)	14.894	6.547	
QUALITY OF DECISIONS	2.015	.562	.542 ^{***}
R Squared = .293 , Change in R Squared = .293, F Change= 12.877, Durbin-Watson= 1.920			

^{***} p < .001

Table 4.9 shows the results of the regression analysis. The model shows that the value of R^2 is .293, meaning that factors making up quality of decisions can explain 29 percent of organization performance. The rest, 71 percent is explained by other factors. The Durbin-Watson value is 1.920, showing that the data is good for the analysis. The F ratio is 12.877 and is statistically significant at $p < .001$ meaning that the regression model predicts the organization performance significantly well.

The beta coefficient at $\beta = .542$ at $p < .001$ shows that quality of decisions contributes significantly to organization performance as per Table 4.9. This means that the quality of decisions plays a crucial role in determining the organization performance. Further analysis was undertaken to determine the effect of the factors making up quality of decisions on the four perspectives of performance based on the balanced scorecard approach. The results of the findings are presented in Table 4.10.

Table 4.10: Summary results for the effect of the factors of quality of decisions on the four perspectives of Organization Performance

Independent Variables	Financial Perspective			Customer Perspective			IBP Perspective			Learning and Growth Perspective		
	B	SE	β	B	SE	β	B	SE	B	B	SE	B
(Constant)	5.530	2.645		7.410	2.717		.727	1.612		4.249	2.228	
Determining the cause of a major problems	.573	.295	.424*	.118	.303	.087	.583	.180	.524***	.733	.249	.534**
Generating alternatives to solve problems	.035	.200	.035	.165	.205	.163	.305	.122	.368**	.018	.168	.018
Final decision and decision integration	-.154	.178	-.185	.102	.183	.122	-.047	.109	-.069	.125	.150	.148
Model Summary results	r =.367 R Square=.135 F Change=1.505 Durbin Watson=1.974			r =.301 R Square=.091 F Change=.962 Durbin Watson=1.533			r =.725 R Square=.526 F Change=10.723 Durbin Watson=1.819			r =.638 R Square=.407 F Change=6.624 Durbin Watson=2.374		

* $p < .05$, ** $p < .01$, *** $p < .001$

The Table 4.10 above presents the effect of quality of decisions on the four perspectives of organization performance.

4.5.2 The effect of Quality of Decisions on the Financial Perspective

The results of the regression analysis of quality of decisions against one factor of organization performance, financial perspective show the value of R^2 is .135, meaning that factors making up quality of decisions can only explain 13.5 percent of financial performance. The rest, 86.5 percent is explained by other factors.

The Durbin-Watson value is 1.974, showing that the data is good for the analysis. The F ratio is 1.505 with $p = .234$ which is not significant meaning that the regression model does not predict the financial perspective based on the balanced scorecard significantly well.

Each coefficient value shows the degree each predictor affects the outcome, if the effects of all other predictors are held constant. All the factors of quality of decisions have a positive effect on the financial performance with the exception of final decisions and decision integration. The beta coefficients show that determining the cause of a major problem has a positive effect on the financial perspective of performance ($\beta = .424$) while final decisions and decision integration contributes negatively ($\beta = -.185$).

4.5.3 The effect of Quality of Decisions on Customer Perspective

The model summary in Table 4.10 above shows that the value of R^2 is .091, meaning that factors making up quality of decisions can only explain 9 percent of customer perspective. The other 91 percent is explained by other factors. The Durbin-Watson value is 1.533, showing that the data is good for the analysis. The F ratio is .962 with $p = .424$ which is not significant meaning that the regression model does not predict the organization performance significantly well.

The same model shows that all the factors of quality of decisions have a positive effect on the customer perspective, with generating alternatives being at $\beta = .163$. Since the combined effect on the equation from all the factors is positive, this means that the overall effect of quality of decisions on the customer perspective is positive, though not significant.

4.5.4 The effect of Quality of Decisions on the Internal Business Processes Perspective

The research results for the effect of quality of decisions on the internal business processes perspective showed the value of R^2 is .526, meaning that factors making up quality of decisions explain 53 percent of internal business processes. The rest, 47 percent is explained by other factors. The Durbin-Watson value is 1.819, showing that the data is good for the analysis. The F ratio is 10.723 at $p < .001$ which is statistically significant meaning that the regression model predicts the internal business processes perspective significantly well.

In addition, all the factors of quality of decisions, except final decision and decision integration ($\beta = -.069$) have a positive effect on the internal business processes. Determining the cause of a major problem has a positive effect which is also significant with $\beta = .524$ at $p < .001$ while generating alternatives to solve problems had a significant effect on internal business perspective of the balance scorecard with $\beta = .368$ and $p < .01$.

4.5.5 The effect of Quality of Decisions on the Learning and Growth Perspective

Table 4.10 further shows the results of the regression analysis on the effect of quality of decisions on the learning and growth perspective. The value of R^2 is .407, meaning that factors making up quality of decisions can explain 41 percent of learning and growth. The rest, 59 percent is explained by other factors. The Durbin-Watson value is 2.374 showing that the data is good for the analysis. The F ratio is 6.624 with $p < .001$ which is statistically significant meaning that the regression model predicts the learning and growth perspective significantly well.

The factors of quality of decisions have a positive effect on learning and growth perspective of the Balanced scorecard approach with determining the cause of a major problem having significant effect with $\beta = .534$ at $p < .01$. Generating alternatives to solve problems and final decisions and decision integration also have positive though not significant effect on learning and growth perspective of the Balanced scorecard approach with $\beta = .018$ and $\beta = .148$ respectively.

In summary, the results in Table 4.10 indicate that quality of decisions has a significant effect on the internal business processes perspective of the Balanced scorecard with R Squared = .526 at $p < .01$ while the F factor is 10.723. Further, the relationship between quality of decisions and learning and growth perspectives was also significant with R Squares = .407 at $p < .001$. The F factor was 6.624 which was significant. The effect of quality of decisions on the financial and customer perspectives of performance was however not significant.

The research results of the regression model show that quality of decisions has an effect on the relationship between TMT diversity and organizational performance. The effect of Top Management Team diversity on organization performance had $r = .100$ which improved to $r = .565$ when quality of decisions was introduced to the regression equation. The $R^2 = .010$ in the first model changed to $R^2 = .319$ which was significant at $p < .001$ when the quality of decisions was introduced into the equation, an improvement of .309. This indicates that the combined model can explain 31 percent of the outcome up from 1 percent given by the Top Management Team diversity alone, a percentage increase to prediction of 30 percent. The Durbin-Watson score was 1.953.

The F ratio in the first model which showed the effect of Top Management Team diversity on organization performance was F ratio = .285. When quality of decisions was introduced to the regression equation the F-factor improved by 11.986 to 12.271 at $p < .001$ which was statistically significant. These results indicate that quality of decisions has a significant effect as an intervening variable in the relationship between Top Management Team diversity and organizational performance.

4.6 TMT diversity, Involvement culture, Diversity Management Strategies and Quality of Decisions

Objective 4 of the study had two hypotheses namely, to determine the influence of involvement culture on the relationship between TMT diversity and the quality of decisions and also to determine the influence of diversity management strategies on the relationship between TMT diversity and the quality of decisions. Multiple regression analysis was carried out to determine the effects

4.6.1 The influence of involvement culture on the relationship between TMT diversity and Quality of Decisions

The results of the regression analysis undertaken are presented in Table 4.11.

Table 4.11 : Regression analyses results for the moderating effect of Involvement Culture on the relationship between TMT Diversity and Quality of Decisions

PREDICTOR VARIABLES	DEPENDENT VARIABLE (QUALITY OF DECISIONS)				
	B	SE	β	T	P
Top Management Team Diversity	.155	.166	.174	.934	.358
	R Squared = .030, F = .872				
Involvement Culture	.536	.170	.492 ^{***}	3.144	.004
	R Squared = .242, F = 9.886				
TMT X Involvement Culture	.507	.184	.473 ^{**}	2.750	.010
	R Squared = .242, Change in R Squared = .212 ^{**} , F Change= 7.564				

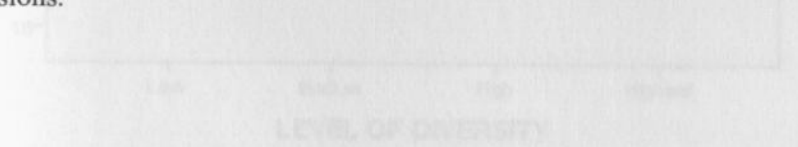
^{**} p < .01, ^{***} p < .001

From the results of the multiple regression analysis in Table 4.11, the value of R² is .030, meaning that factors making up TMT diversity can only explain 3 percent of quality of decisions. A big percentage of 97 percent can be explained by other factors.

The same table further shows that when involvement culture is regressed on the quality of decisions, the $R^2 = .242$ at $p < .001$ which is statistically significant while $F = 9.886$. When involvement culture is combined with TMT diversity and regressed on quality of decisions, the R^2 changed from .030 to .242 which is a change of .212. The F also changed from .872 to 7.564 which is a significant change of 6.692 which was significant at $p < .01$.

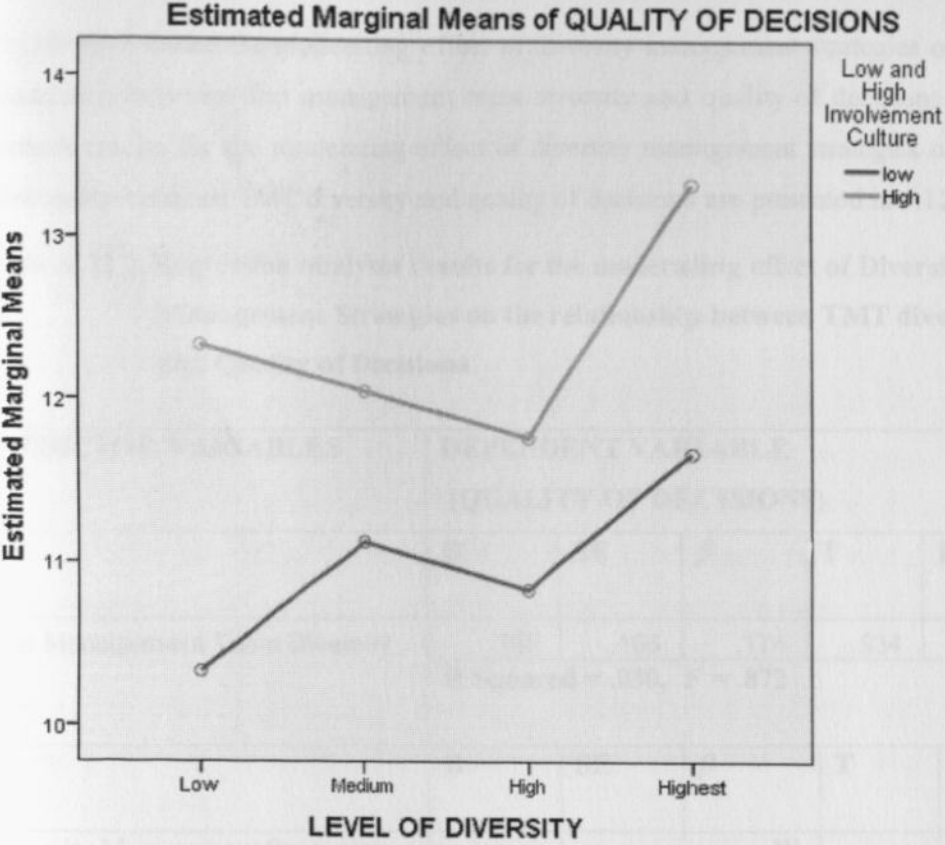
The results of the combined effect of TMT diversity and involvement culture on quality of decisions were $\beta = .473$ at $p < .01$ up from $\beta = .174$ which is an increase of .299 which was significant at $p < .01$, showing that involvement culture has a moderating effect on the relationship between TMT diversity and quality of decisions.

We can therefore conclude that whereas TMT diversity has no insignificant effect on quality of decisions, when an involvement culture is introduced to the equation, the combined effect on quality of decisions is significant. Involvement culture therefore has a moderating effect on the relationship between TMT diversity and quality of decisions.



Results of Figure 4.1 show overall slightly lower effect of high involvement culture than low involvement culture on the relationship between TMT diversity and quality of decisions. When involvement culture is introduced at high to highest diversity levels, the quality of decisions also increases. This therefore means that involvement culture has a positive effect on the relationship between TMT diversity and quality of decisions.

Figure 4.1: The moderating effect of Involvement Culture on the relationship between TMT Diversity and Quality of Decisions



The results of Figure 4.1 show overall slightly better effect of high involvement culture than low involvement culture on the relationship between TMT diversity and quality of decisions. When involvement culture is introduced at high to highest diversity levels, the quality of decisions also increases. This therefore means that involvement culture has a positive effect on the relationship between TMT diversity and the quality of decisions.

4.6.2 The influence of Diversity Management Strategies on the relationship between TMT diversity and Quality of Decisions

Hypothesis 5 tested the moderating effect of diversity management strategies on the relationship between Top management team diversity and quality of decisions. The research results for the moderating effect of diversity management strategies on the relationship between TMT diversity and quality of decisions are presented in 4.12

Table 4. 12 : Regression analyses results for the moderating effect of Diversity Management Strategies on the relationship between TMT diversity and Quality of Decisions

PREDICTOR VARIABLES	DEPENDENT VARIABLE (QUALITY OF DECISIONS)				
	B	SE	β	T	P
Top Management Team Diversity	.155	.166	.174	.934	.358
	R Squared = .030, F = .872				
Diversity Management Strategies (DMS)	.764	.234	.506***	3.266	.003
	R Squared = .256, F = 10.666				
TMT X DMS Model 3	.882	.240	.578***	3.678	.001
	R Squared = .354, Change in R Squared = .324***, F Change= 13.531				

** p < .01, *** p < .001

The results of the moderating effect of diversity management strategies on the relationship between TMT diversity and quality of decisions are presented in Table 4.12. The results of the regression analysis of the effect of TMT diversity on quality of decisions show the value of $R^2 = .030$, meaning that factors making up TMT diversity can only explain 3 percent of quality of decisions as earlier stated.

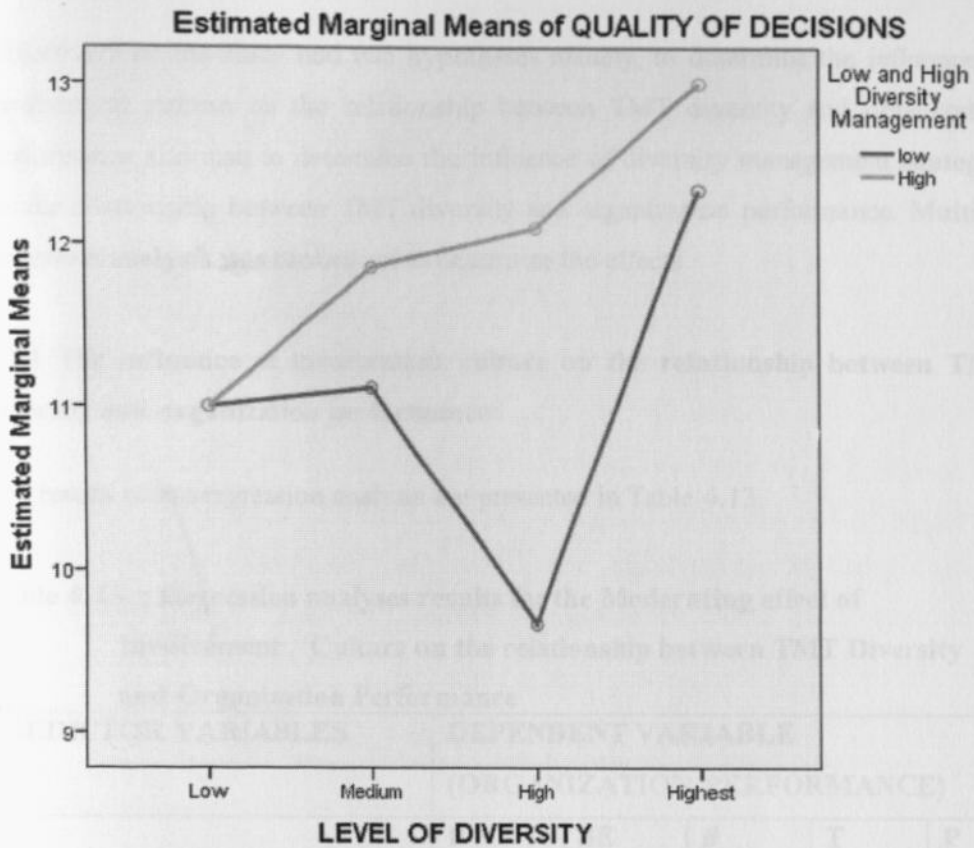
The results of the moderator, diversity management strategies show $R^2 = .256$ meaning that diversity management strategies can predict 26 percent of qualities of decisions while the other 74 percent is predicted by other factors.

When diversity management strategies were combined with TMT diversity, R^2 improved from .030 to .354, which was a change of .324 and was statistically significant at $p < .001$. This indicates that the combined model can explain 35 percent of the outcome up from 3 percent given by the Top Management Team diversity alone, an increase of 32 percent. The Durbin-Watson score is at 1.696 which shows that the data was good for analysis. The F-factor also improved significantly from .872 to 13.531 which was an increase of 12.659 and was significant at $p < .001$ when managing diversity strategies were introduced to the regression equation of TMT diversity against quality of decisions.

The results of the combined effect of TMT diversity and diversity management strategies on quality of decisions were $\beta = .578$ at $p < .001$ up from $\beta = .174$ which is an increase of .404. We can therefore conclude that when diversity management strategies are introduced to the relationship between TMT diversity and quality of decisions, the effect was significant.

The results of the effect of diversity management strategies on the relationship between TMT diversity and on quality of decisions are presented in Figure 4.2 below.

Figure 4.2: The influence of Diversity Management Strategies on the relationship between TMT diversity and Quality of Decisions



The results in Figure 4.2 were to determine the moderator effect of diversity management strategies on the relationship between TMT diversity and the quality of decisions. As shown above, both high and low diversity management strategies have the same effect on quality of decisions at low levels of diversity. However, as level of TMT diversity increases, high diversity management strategies have a better impact on quality of decisions while low diversity management strategies have contradictory and therefore not sustainable effects on quality of decisions. High TMT diversity moderated by high diversity management strategies registers high quality of decisions with highest levels of diversity moderated by high diversity management strategies registering the highest quality of decisions. This confirms the positive influence of diversity management strategies on the relationship between TMT diversity and quality of decisions.

4.7 TMT diversity, Involvement culture, Diversity Management Strategies and Organization Performance

Objective 5 of the study had two hypotheses namely, to determine the influence of involvement culture on the relationship between TMT diversity and organization Performance and also to determine the influence of diversity management strategies on the relationship between TMT diversity and organization performance. Multiple regression analysis was carried out to determine the effects

4.7.1 The influence of involvement culture on the relationship between TMT diversity and organization performance

The results of the regression analysis are presented in Table 4.13.

Table 4.13 : Regression analyses results for the Moderating effect of Involvement Culture on the relationship between TMT Diversity and Organization Performance

PREDICTOR VARIABLES	DEPENDENT VARIABLE (ORGANIZATION PERFORMANCE)				
	B	SE	β	T	P
Top Management Team Diversity	-.317	.594	-.100	-.534	.598
	R Squared = .010, F = .285				
Involvement Culture	2.722	.540	.671 ***	5.045	.000
	R Squared = .451, F = 25.447				
TMT X Involvement Culture	2.883	.497	.761 ***	5.800	.000
	R Squared = .559, Change in R Squared = .549***, F Change= 33.635				

*** p < .001

The results in Table 4.13 show the effect of TMT diversity on organization performance, involvement culture on organization performance and the combined effect of TMT diversity and involvement culture on organization performance. When TMT diversity was regressed on organization performance, the value of R^2 was .010 which means that the factors making up TMT diversity can only explain 1 percent of organization performance which was not significant. When involvement culture was regressed on the organization performance, $R^2 = .451$ meaning that involvement culture can explain 45 percent of the outcome while $F = 25.447$. The beta value = .671 at $p < .001$, which is significant.

The combined effect of involvement culture and TMT diversity on organization performance improved R^2 from .010 to .559, an increase of .549 which was significant at $p < .001$. This indicates that the combined model can explain 56 percent of the outcome up from 1 percent given by the Top Management Team diversity alone, an increase of 55 percent. The Durbin-Watson score was at 2.028. Further, the F-factor improved from .285 to 33.635, an increase of 33.350 which was significant at $p < .001$.

The beta coefficient results of the combined effect of TMT diversity and involvement culture on organization performance were $\beta = .761$ at $p < .001$ up from $\beta = -.100$ which is an increase of .861. We can therefore conclude that when involvement culture was introduced to the relationship between TMT diversity and organization performance, the effect was significant.

We can conclude the TMT diversity has an insignificant effect on organization performance while an involvement culture has a significant effect on organization performance. When involvement culture and TMT diversity are combined and regressed on organization performance, the effect is significant. We can therefore conclude that an involvement culture has a significant moderating effect on the relationship between TMT diversity and organization performance.

4.7.2 The influence of Diversity Management Strategies culture on the relationship between TMT diversity and organization performance

Hypothesis 7 tested the moderating effect of diversity management strategies on the relationship between Top Management Team diversity and organization performance. First, a regression analysis was done to determine the effect of TMT diversity on organization performance. Another regression analysis also determined the effect of the moderating variable, diversity management strategies on organization performance while a multiple regression analysis determined the effect of involvement culture on the relationship between TMT diversity and organization performance.

The results of the regression analysis indicated a significant positive moderating effect of diversity management strategies on the relationship between TMT diversity and organization performance. A summary of the effect of diversity management strategies on the relationship between TMT diversity and organization performance are as shown in Table 4.14 below;

	B	SE	B	T	P
X.DMS	2.907	.296	.987***	3.674	.000

R Squared = .442,
Change in R Square = .432***,
F Change = 20.919

*** p < .001

Table 4.14 show that when TMT diversity was regressed on organization performance, R² was .210, meaning that TMT diversity can only explain 21 percent of organization performance as indicated in the previous hypothesis. The second model shows F = .285. In the second model, diversity management strategies moderated the relationship between TMT diversity and organization performance. The change in R² was .432, meaning that diversity management strategies can explain 43.2 percent of organization performance and the effect is significant with F = 20.919.

Table 4. 14: Regression analyses results for the moderating effect of Diversity Management Strategies on the relationship between TMT Diversity and Organization Performance

PREDICTOR VARIABLES	DEPENDENT VARIABLE (ORGANIZATION PERFORMANCE)				
	B	SE	β	T	P
Top Management Team Diversity	-0.317	.594	-.100	-0.534	.598
	R Squared = .010, F = .285				
Diversity Management Strategies (DMS)	B	SE	B	T	P
	2.761	.878	.492**	3.144	.004
R Squared = .492, F = 9.886					
TMT X DMS	B	SE	B	T	P
	3.605	.788	.667***	4.574	.000
R Squared = .442, Change in R Square = .432***, F Change= 20.919					

** p < .01, *** p < .001

The results in Table 4.14 show that when TMT diversity was regressed on organization performance, R^2 was .010, meaning that TMT diversity can only explain 1 percent of organization performance as indicated in the previous hypothesis. The same model shows $F = .285$. In the second model, diversity management strategies were regressed on organization performance and the effect is significant with $R^2 = .492$ while $F = 9.886$.

When diversity management strategies are combined with TMT diversity, the combined effect is significant on organization performance. The R^2 improved from .010 to .442, an increase of .432 which was statistically significant at $p < .001$. This indicates that the combined model can explain 44 percent of the outcome up from just 1 percent given by the Top Management Team diversity alone, an increase of 43 percent. The F-factor also improved from .285 to 20.919, an increase of 20.634 which is significant at $p < .001$.

The beta coefficient results of the combined effect of TMT diversity and diversity management strategies on organization performance was $\beta = .667$ at $p < .001$ up from $\beta = -.100$ which is an increase of .767 which was statistically significant. We can therefore conclude that when diversity management strategies were introduced to the relationship between TMT diversity and organization performance, the effect was significant.

Therefore, we can conclude that diversity management strategies have a significant moderating effect on the relationship between TMT diversity and organization performance.

Table 4.15: Empirical Evidence

HYPOTHESIS	EMPIRICAL EVIDENCE
H ₁ : Top Management Team diversity has an effect on organization performance	NOT SUPPORTED
H ₂ : There is a relationship between diverse Top Management Team and quality of decisions	NOT SUPPORTED
H ₃ : Quality of decisions have an effect on organization performance	SUPPORTED
H ₄ : The strength of the relationship between diverse Top Management Team and quality of decisions is influenced by involvement culture	SUPPORTED
H ₅ : The strength of the relationship between diverse Top Management Team and quality of decisions is influenced by the diversity management strategies	SUPPORTED
H ₆ : The strength of the relationship between diverse Top Management Team and organization performance is influenced by involvement culture	SUPPORTED
H ₇ : The strength of the relationship between diverse Top Management Team and organization performance is influenced by the diversity management strategies	SUPPORTED

CHAPTER FIVE

DISCUSSION OF FINDINGS

5.1 Introduction

This chapter presents the discussion of the findings. The main objective of this study was to establish how Top management Team diversity affects organization performance. Top Management Team diversity under study was composed of both observable and non observable attributes. The observable ones were age and gender while the non observable ones were tenure, academic qualifications, professional qualifications and functional back ground.

The Top Management Team relies on different types of performance measure so as to get the big picture on how the organization is doing in all the essential areas of the business. As a result, the study used the balanced scorecard approach which was devised by Kaplan and Norton (1992) and measures performance based on four perspectives, namely financial, customer, internal business processes and learning and growth. In addition, secondary data on increase in customer deposits, return on average assets and profits before tax was also used to compare the results of the different performance measures. This relationship was moderated by an involvement culture and diversity management strategies and also had quality o decisions as an intervening variable.

5.2 Discussion of Findings

The results showed that there was no significant effect of Top Management Team diversity on organization performance and Top Management Team diversity on quality of decisions. However, the results found a significant relationship between the quality of decisions and organization performance. Further, an involvement culture and diversity management strategies were found to have significant moderating effect on the relationship between Top Management Team diversity and quality of decisions and TMT diversity and organization performance.

5.2.1 Top Management Team Diversity

Past studies have indicated that observable attributes draw biases, discrimination and prejudice, because people like identifying with those who are similar to them. Individuals with similar backgrounds may be attracted to each other more than those who have different backgrounds. Those who are similar find it more comfortable to work together and collaborate towards producing a product or in problem solving. Research has shown that in a situation where one has the opportunity to interact with a number of different people, he or she is most likely to select a person who is similar to them (Burt & Regans, 1997).

This study found different magnitudes and directions for the relationships between various factors of Top Management Team diversity. Functional background diversity and professional qualifications had the strongest correlation, indicating that the TMT perform functions related to their professional qualifications. Age diversity had a strong positive relationship with both tenure diversity at the top and tenure with the bank service which can be interpreted to mean that those who are older and have been in the bank longer are also most likely to be promoted to the top management (Table A 6). Individuals derive their values from the society in which they grow up. They are impacted by the historic events which occur during their formative years. Thus individuals similar in age are molded by a similar environment and tend to emerge with similar values (Murray, 1989; Hambrick & Mason, 1984).

Academic qualifications also correlated positively with both Age diversity and tenure diversity in bank service which can be interpreted to mean that the older employees who have been longer with the bank have also acquired higher academic qualifications. Some of these findings are similar to studies done in the past, while other findings are not. Pegels et al. (2000) found strong positive relationship exists between tenure diversity and age diversity and also between tenure diversity and academic qualification diversity. In a local study Irungu (2007), found that there exists a strong relationship between tenure diversity and age diversity which are positively related.

However, according to Pegels et al. (2000) whose study was done among national airlines in the United States of America, statistically significant relationship exists between TMT academic qualifications and age which are inversely related. This was not the case in the current study as the two are positively correlated. The study by Pegels et al. (2000) also found functional background was positively correlated with age, a case not found in the current study.

This may be because the study was done in an airline industry which may have age limits for certain functions. The study by Pegels et al (2000) was done in the United States of American which is a different environment and may present different characteristics of the Top Management Team.

5.2.2 Organization performance

This study found that learning and growth has a significant relationship with the other perspectives of performance, namely, financial, customer and Internal business process. There also exists a significant relationship between financial perspective and customer perspective while the least related among the performance factors was between financial perspective and internal business processes (Table A 9).

These results can be interpreted to mean that the learning and growth perspective which focuses on staff satisfaction, ability to attract and retain competent staff and communication plays a critical role to determine the financial performance. Learning and growth perspective also has a significant relationship with the internal business processes perspective which is composed of increased automation, creativity and innovation and turnaround time. The learning and growth perspective also has a positive relationship with the customer perspective (satisfaction level of customers, the response rate to customers and also the retention rate of the customers).

This finding confirms a management belief that staff is the most important asset in an organization. When the banks attract and retain the best, when both internal and external communication is efficient, and when the staff is satisfied, this forms the backbone to financial performance, customer satisfaction and critical internal processes which include creativity, innovation, automation and high turnaround time of major banking services. The banks therefore need to take a deliberate effort to invest in their staff for the other perspectives to perform well.

5.2.3 TMT diversity and Organization performance

Past studies have given mixed results on TMT diversity and organization performance. Recent reviews of diversity literature have noted extensive mixed empirical results in the relationship between TMT diversity and organization performance. The same has been described by Milliken and Martins (1996) as a two edged sword. Top Management Team diversity can also be described as a mixed blessing.

The results of the study show that the overall TMT diversity does not have a significant effect on organization performance. The study further established that the factors making up the Top Management Team diversity also did not have a significant effect on the overall organization performance. This research found that academic qualifications, age and gender had a negative though not significant effect on organization performance. Academic qualification is a critical factor in the work place as it provides the skills required to steer performance. Banks in Kenya may be faced with the challenge regarding which of the human resource requirements are best to steer them to competitiveness in a rapidly changing and more diverse economy. As for age, younger managers are known to talk straight and articulate their issues without fear which can be misinterpreted to mean disrespect by the older managers thus compromising the performance of the banks.

The results of the study can be interpreted to mean that the negative effect of academic qualification on organization performance may be caused by conflict in the TMT who have attended different programmes based on different curriculum, which may include technology, causing further misfit. This study consistently shows that higher levels of TMT diversity in academic qualifications affect performance negatively. In the Kenyan context, it is expected that the current TMT have gone through two different education systems. The older managers went through the 7-4-2-3 system of education which ended in 1988 and was replaced by the current 8-4-4 which replaced it. Younger TMT has gone through the 8-4-4 system which is much broader although there has been a lot of debate in Kenya on which system is better with proposals being made to scrap the 8-4-4 system. Exposure of the TMT to two different academic systems can be interpreted as a possible cause of the negative effect of academic qualification diversity on the performance of the banks today.

The study to some extent agrees with the findings by Pegels et al., (2000) who found that performance variable showed strong statistical significance with negative correlation for tenure diversity, age diversity and academic qualifications diversity. This is further confirmed by the findings of Murray (1989) who argued that high team heterogeneity may lower performance in stable environments because the TMT would be less cohesive and require more formal communication. Irungu (2007) found that TMT demographic characteristics on organization performance were statistically insignificant at 95 percent confidence level.

Wiersema and Bantel (1992) on the other hand found a positive relationship between higher levels of education and strategic change. The results may be different because Wiersema and Bantel (1992) focused on higher levels of education and strategic change while this study focuses on academic qualifications and organization performance. Simon (1999) found out that functional diversity had a positive effect on organization performance.

The findings of this study also contradict other findings from past empirical research. According to Hambrick (1984), TMT characteristics have important impact on organizational outcome because the top executives are empowered to make strategic decisions for organizations. According to Wiersema and Bantel (1992), an organizations profitability, growth and competitiveness are arguably a function of the predispositions of the TMT. Simon (1999) found out that diversity which is on the job relatedness dimension, namely education level and tenure diversity, capture diverse information and perspectives that are highly relevant to an organization performance. Irungu (2007) found relative correlation between demographic characteristics and various measures of performance, namely Total Organizational Assets, Profit before Tax and Earning per Share.

The findings of the study also contradict past studies which argued that customers look at themselves and identify with employees who look similar to them in terms of observable attributes. This indicates that the Kenyan customer is interested in the banks services which meet their expectations more than the characteristics of those offering them. The Group Managing Director of African Banking Corporation (ABC) in Kenya, Shamaz Savani was quoted in The Banking Survey, 2011, as having said "Today's customers are smarter, very savvy because of the internet and the exposure to the web and their demands are higher than ever before". The study found that all the factors of TMT diversity had an insignificant negative relationship with the customer perspective.

While the current study hypothesized that TMT diversity has an effect on organization performance, it is clear that the effect is not significant, despite using two different measures of performance, namely the balanced score card approach and data from secondary sources, namely The Banking Survey, 2011. The findings add to the mixed results of TMT diversity- organization performance. However, according to Murray (1989), the question as to whether TMT diversity leads to organization performance depends on the measures of performance used.

5.2.4 TMT diversity and Quality of Decisions

Hypothesis two was to determine the effect of TMT diversity on quality of decisions. The study found out that tenure in the bank had a statistically significant effect on the quality of decisions made by a diverse TMT in the commercial banks in Kenya. The other factors making up TMT diversity did not however have any significant effect on the quality of decisions.

Diversity among the TMT is widely assumed to influence the quality of decisions but empirical research on this linkage has been virtually limited. Past empirical research has shown that tenure can have both positive and negative effect on an organization. The common belief is that TMT members are naturally more comfortable with those they joined the banks with due to ease of identification or sense of belonging.

TMT with greater tenure are usually known to be more cohesive but less likely to change the status quo. Bantel and Jackson (1989) found a positive relationship between tenure and commitment to status quo. In a TMT composed of members who have worked for different periods, conflict is bound to happen as those who have worked for long feel that they have more institutional memory than those who have recently joined the team and as a result are committed to maintain things as they have always been. Status quo is likely to create a comfort zone, leaving no room for creativity and innovation which are critical components of the performance of banks and form the internal processes perspective of the balanced score card.

The findings of this study show that TMT with diverse tenure has a significant effect on the quality of decisions. This means that diversity in tenure of the TMT is good for the performance of banks in Kenya. Banks should always ensure that they have a TMT which has worked for varying periods to draw the best. It is expected that those who have worked longer have valuable institutional memory while those who are newer bring in unique experiences in to the decision making process.

Generally, however, most of the factors which make up TMT do not have a significant effect on quality of decisions. This can be interpreted to mean that a diverse TMT may not be cohesive enough and thus do not involve people directly impacted by the decision nor make extensive use of external experts. It may further be interpreted that the TMT which is diverse doesn't consider all the possible causes of problems, either due to limited communication among members or lack of cohesiveness. This confirms the findings by O'Reilly et al. (1989). Hambrick's (1994) concept of behavioral integration suggests that TMT diversity affects cohesion in that individuals assume that those who agree with them also like them and vice versa.

Further, this study confirms that TMT diversity affects cohesion, which was described by O'Reilly et al. (1989) as the extent to which TMT like one another and stick up for each other. Members of teams which are not cohesive are more likely to challenge opinions by their colleagues. They further encourage debate and initiate investigations designed to uncover flaws in the reasoning of their colleagues (Miller et al., 1989). Team members are known to value group membership to the extent where fear of membership loss results to conformity and unquestioned acceptance of ideas which compromises the quality of decisions.

Other empirical researchers have however argued that when there are many disagreements about a threat or an opportunity, TMT are aware of more issues, more ways of viewing each issue and more alternative courses of action (Bantel and Jackson, 1989). This results to indepth analyses and even hiring of experts to help solve the issues but if there is less disagreement, TMT is unlikely to consider the issues at depth. These arguments may result to reduced group think and more strategic options. Another argument that TMT diversity leads to quality of decisions states that disagreement in strategic decisions leads to greater willingness to expand resources necessary for more analyses, consultations and discussions (Miller et al., 1989). The findings of this study indicate otherwise. We can therefore conclude that TMT diversity does not have a significant effect on quality of decisions a part from tenure diversity in the bank which has a significant effect.

5.2.5 Quality of Decisions and Organization Performance

Hypothesis three was to determine the effect of quality of decisions on organization performance. A major finding of the study was that the overall quality of decisions (which consists of activities undertaken when determining the cause of a major problem, when generating alternatives to solve problems and when arriving at the final decision and decision integration) contributes significantly to the overall performance of the banks in Kenya.

The study also analysed the effect of the factors making up quality of decisions on each of the four perspectives of organization performance based on the balanced scorecard approach, namely financial, customer, internal business processes and learning and growth. The study found out that some factors which make up quality of decisions have a significant effect on some of the four perspectives of organization performance based on the balanced scorecard. This means that the quality of decisions plays a crucial role in predicting the performance of banks in Kenya.

The first finding of the effect of quality of decisions on the four perspectives of performance, the study found that determining the cause of a major problem had a significant effect on the internal business processes perspective of the balanced scorecard. The internal business processes perspective in the study was made up of efficient and automated business processes, high turnaround time on major banking services and higher level of innovation and creativity.

The findings indicate that banks which take time to determine the cause of a major problem had greater creativity, innovation and automation of their services. This was because the TMT involves those directly impacted by the decision and also considers all possible causes to a problem. The introduction of credit references bureaus have enhanced decision making by the TMT in banks. This allows sharing of credit information, and has brought efficiency in the credit system, brought down costs and made it easier for banks to lend individual credit track record.

On any given day, one will find bankers interacting with employees, students or even the community with the aim of offering them relevant and unique services. Such forums not only provide opportunities for opening new accounts but also empowering the communities. In 2011, Kenya witnessed banks appeal to citizens to help alleviate hunger in drought stricken parts of the country, thus enhancing their image among their customers.

Some banks in Kenya have also been able to introduce some of the world's most secure banking software which includes, Pinnacle. Others have introduced advanced core banking infrastructure that allows SMS and internet banking. Further, the TMT in these banks make extensive use of external experts which in turn enhances efficiency and turnaround time of major banking services. The TMT in banks need to always consult those affected by decisions, provide the necessary resources and also make extensive use of consultants to enhance the levels of innovation, creativity and automation of their banking services. Many banks in Kenya have responded to their customer needs and launched Islamic banking products while others have consolidated banking products with insurance and introduced services like "bank assurance" and stockbrokerage.

The second finding was that determining the cause of a major problem had significant effect on learning and growth perspective. The factors which make up learning and growth perspective are high staff satisfaction level, ability to attract and retain staff and effective communication, both internally and externally. The study found that determining the cause of a major problem has a significant effect on the learning and growth perspective. In banks where the TMT involved those directly impacted by the decision have higher staff satisfaction and retention rate. This indicates that staff are motivated when they are involved and recognized, which in turn has a positive effect on their performance. This confirms that recognition contributes to motivation and to some extent, satisfaction. The TMT which consults their staff and provides all the required resources leads to better communication and satisfaction level. Further, when all possible causes of a problem are considered in decision making, this is also likely to lead to staff involvement which results to higher satisfaction and enhanced communication both internally and externally.

The third finding indicated that determining the cause of a major problem had a significant effect on the financial perspective of the balanced scorecard. The financial perspective under study was made up of growth in customer deposits and return on shareholder equity. When divergent opinions are considered seriously and decisions taken are promptly implemented, this has a significant effect on the financial performance of the banks.

The final finding under this hypothesis was that when TMT in banks generate alternatives to solve problems, this has a statistically significant effect on internal business processes perspective. This means banks where the TMT hold brainstorming sessions during meetings and generate many options are better when it comes to creativity and innovation of banking services. This further indicates that TMT who share information about each option especially risks involved significantly contributed to the performance of their internal business processes.

Banks in which the TMT made extensive use of historical data also had more efficient banking services and innovated better products. Automation of banking services is an expensive and complicated task. The banks which hire experts for complex activities also had higher automation levels which in turn lead to enhanced efficiency and high turnaround time on major banking services. Some foreign owned banks in Kenya have been utilizing their global expertise in the corporate and retail arena to win over Kenyans of foreign origin or expatriates working in the country so that they can enjoy advance cash transfers, among other products. Others have used their foreign connections to have some formidable accounts with multinational organizations. Banks therefore which encourage deliberate brainstorming sessions, sharing information, use of experts and historical data were found to be more competitive in terms of creativity, innovation and automation of their services.

As noted from the discussion above, quality decisions significantly contribute to the learning and growth perspectives and the internal business process. Quality of decisions does not however have a significant and direct impact on the customer aspects of performance in the banking sector in Kenya which consists of growth in the market share response to customer complaints and satisfaction of the customers.

This implies that serious brainstorming of issue to come up with quality decisions has no effect on customer satisfaction. This can be interpreted to mean that the customer in the banking sector in Kenya today is very dynamic and sophisticated. Their needs are identified and addressed through other means not by a TMT sitting, brainstorming and deliberating on them in a boardroom.

5.2.6 TMT Diversity, Quality of Decisions and Organization Performance

In some past studies, TMT diversity was related to organization performance, without considering the mediating effect of process variables. Diversity effects on firm outcomes may however be too weak to be detected consistently and more so in cross sectional studies (Miller et al., 1998). As a result, this study used the quality of decisions to determine the intervening effect on the relationship between TMT diversity and organization performance. Simons (1999) found that decision comprehensiveness intervenes on the relationship if TMT diversity and organization performance while moderated by debate. Some researchers who have studied comprehensiveness of strategic decisions have found that it has an impact on organizations profitability. Miller et al. (1998) suggested positive effects for organizations in turbulent environments while there is no effect in organizations in stable environments. Some researchers also have strong beliefs that a diverse TMT compromises the quality of decisions.

The study found that quality of decisions has a significant effect on organization performance. When TMT diversity was combined with the quality of decisions, the effect on organization performance was statistically significant meaning that quality of decisions has an intervening effect on the relationship between TMT diversity and organization performance. Many researchers' believe that diverse teams use their experiences and different backgrounds to communicate to each other. Researchers have suggested that this differentiation may lead to communication failure. As a result, a small group of the TMT may decide to address strategic issues quietly without consulting the larger team (Miller et al., 1989).

From the findings of this study, organizations need to encourage diverse TMT to have meetings which identify the causes of major problems as such forums provide an opportunity for generating many options through the brainstorming process. Further, it allows information sharing and allocation of the desired resources. During their meeting, the diverse TMT members are likely to enhance communication and come up with new ideas to improve the bank services. The banking sector in Kenya has expanded its networks very rapidly within the last four years. Some banks have used the expansion strategy to transform from small time players to large one-stop financial institutions. One bank is known to have opened 35 new branches across Kenya in 2008, using the expansion strategy to meet the customer demands. Several banks have recently expanded to neighboring countries including Southern Sudan, Tanzania, Uganda and Rwanda to enhance their revenue base.

5.2.7 TMT Diversity, Involvement Culture and Quality of Decisions

As the study found out in hypothesis two, Top Management Team diversity has no significant effect on the quality of decisions. This may result from intergroup categorization among the TMT as it increases dysfunctional conflict and undermines informal communication, cohesion and quality of decisions. The presence of diverse views and perceptions is likely to affect the way tasks are undertaken. Naturally, team members feel more comfortable with those similar and familiar to them. However, when involvement culture was introduced into the relationship between TMT diversity and quality of decisions as a moderator, its effect on quality of decisions was significant. Further, tenure in the bank diversity had a significant effect on quality of decisions.

Involvement culture under study consisted of empowerment, team orientation and capacity development. It was hypothesized that when diverse TMT is involved in the decision making process, the quality of their decision improves. This study found out that involving TMT composed of diverse tenures leads to better quality of decision.

This can be interpreted to mean that TMT which has worked for diverse periods of time in the bank made more quality decisions as the team drew the unique experiences of the members. This further may be interpreted to mean that tenure diversity in the bank reduces group think which in turn leads to more quality decisions.

Involvement is inclusive thus when the diverse TMT in the banks and those who are affected by the decisions are consulted during the decision making process, this creates a sense of ownership, instills pride and motivates them to increase their level of productivity. Involvement not only means utilizing the physical part of employees but also their intellectual and emotional parts in the decision making process to ensure that their psychological needs are met. Training makes the TMT acquire conceptual skills for decision making and also enhances communication. A smooth flow of communications encourages the TMT to contribute their best to improve the bank processes. An involvement culture makes it easier to introduce changes since information is easily shared and also improves the quality of work. Banks which have a higher involvement culture had the advantage of bringing closer the diverse TMT to participate through decision making process at all levels.

According to empirical research by Hambrick and Manson (1984), young managers are less committed to the status quo and are interested in quick results. They are willing to undertake risky decisions and unprecedented strategies. On the other hand, older managers feel more experienced, may be unwilling to take new ideas and risky strategies from the younger managers who have less experience to rely on. The study shows that such varying perspectives towards risks may be affecting quality of decisions by the TMT in Kenyan banks. Generally, as human beings get older, they become less flexible, more rigid and resistance to change. Such negative underlying characteristic are likely to compromise the quality of decisions of a TMT in banks which has age diversity. The study however shows that these negative effects of diverse TMT on the quality of decisions are effectively moderated by banks which encourage participation in the decision making process as it binds employees and encourages them to give their best.

The Kenyan government recognizes the critical role played by the youth and has continued to undertake several strategies and initiatives under the Vision 2030. The interventions are capacity building and empowerment of the youth, giving the youth a voice to articulate their issues as well as participate in decision making. Differences in knowledge through education, experience or expertise increase the likelihood of differences in opinions and perspectives of the TMT. Further, research indicates that differences in educational background leads to an increase in task related debate in work teams (Polzer et al., 2002).

It is believed that involvement leads to creativity and innovation as diverse team members have synergy which comes from wider choices of options. When participation at the top is encouraged, unique ideas are likely to lead to new ways of doing things. Successful participation in decision making happens once the ideas of others are accepted and implemented. This can be interpreted to mean that when a diverse TMT is empowered and the team members are equipped with skills which make them competitive, they are able to make more quality decision.

Critics have however found that an involvement culture which is not well managed may become a challenge in large organizations. This is because communication is more complicated and it may become difficult to register the opinions of the diverse TMT members. These critics argue that unions are more effective as they can cut through the bureaucracies more quickly. Involvement culture may also be affected by organizational politics, peer pressure, biases and discrimination among the TMT.

In summary, the study found that whereas TMT diversity has no significant effect on the quality of decisions, an involvement culture has a significant effect on quality of decisions. The study also found that the combined effect of TMT diversity and involvement culture also has a significant effect on quality of decisions. In a related but not similar study Kim (2002) noted a basic assumption that employee involvement enhances performance and work satisfaction.

This study confirms that the moderating variable, involvement culture has an influence on the relationship between TMT diversity and the quality of decisions. As a result, banks need to invest in team building activities as working in teams brings the diverse TMT together and results to more quality decisions. Banks also should continually invest in the development of skills of the diverse TMT as skilled managers are able to arrive at more quality decisions. We can therefore conclude that banks with diverse TMT should encourage teams work, sharing of relevant information and skills development to enhance the quality of their decisions.

5.2.8 TMT Diversity, Diversity Management Strategies and Quality of Decisions

As noted earlier, factors making up TMT diversity have no significant effect on the quality of decisions except for tenure with the bank which has a significant effect. However, when diversity management strategies were introduced on the relationship between TMT diversity and quality of decisions, the effect on quality of decisions was significant.

In spite of the growing interest in affirmative action in Kenya, few if any empirical studies have been undertaken on diversity management strategies in the workplace and more so in commercial banks in Kenya. This study found that diversity management strategies add value to organizations with high levels of TMT diversity. The study found that the combined effect of TMT diversity and diversity management strategies was significant on the quality of decisions. Organizations with diversity management strategies recruit the best for the job regardless of ethnicity, gender or other individual characteristics (Cornelius, 1999).

Diversity in the workplace has been an issue in almost all parts of the world; the difference has been how it has been managed. Diversity management is a process of creating and maintaining an environment that naturally allows individuals to reach their full potential in pursuit of organization objectives. Diversity management strategies on the other hand focus on creating policies and practices that get the best out of every employee.

These strategies promote recognition and respect for individual differences among groups. They also encourage staff to be comfortable with diversity and appreciate differences. The strategies are integrated in recruitment and selection, training and development and reward management. Studies in diversity are interesting as the findings are very diverse. The reasons for the disruptive results are because greater diversity may cause group members to employ divisive social categorizations based on demographic or functional differences.

The government of Kenya recognizes the under representation of women in all major decision making levels within the government. Kenyan women lag behind in terms of empowerment and the government of Kenya is committed to affirmative action with a minimum 30 percent representation of any gender at all levels of decision making. Some banks in Kenya have introduced Leadership and Mentorship programmes for women managers who have previously been disadvantaged in leadership positions. Empirical research found that diversity management has several benefits which include better decision making, higher creativity and innovation and greater success in marketing to foreign and domestic ethnic minority communities and a better distribution of economic opportunity (Cox et al., 1991).

Diversity management strategies include training; identifying specific training needs which are linked to the organizational objectives, assessing individual workers training needs, developing individual training plans which cover knowledge, operational and interpersonal skills (Morrison, 1992). Human Resource policies also shape employee attitudes and behaviors and reinforce the organizational culture, thereby affecting the success of strategy implementation and the organization's ability to adapt to environmental change (Kotter & Heskett, 1992).

We can conclude that, TMT in banks which have put in place diversity management strategies make higher quality decisions than the TMTs in banks with less diversity management strategies. This means that when the banks value diversity by encouraging colleagues to be sensitive to those from diverse background, this contributes positively to the quality of decisions.

Further, when the banks invest in training the TMT on diversity management strategies and also put in place programmes to reduce stereotyping, this positively contributes to better quality decisions by the diverse Top Management Teams. This therefore means that diversity management strategies have a significant influence on the relationship between TMT diversity and quality of decision and should be encouraged by banks especially when TMT diversity is highest.

5.2.9 TMT Diversity, Involvement Culture and Organization Performance

Past empirical studies have suggested that different variable mediates between the TMT diversity and performance. Ancona and Caldwell, (1992), argued that communication positively moderates this relationship. From the results of the study, involvement culture has a significant moderating effect on the relationship between TMT diversity and organization performance.

The TMT diversity under study was age, gender, tenure in the top management, academic qualifications, professional qualifications and functional background. From the results of hypothesis one, the factors which make TMT diversity do not have a significant effect on organization performance. Each of these factors has a different effect on the performance of organizations. In the planning and implementation of strategy, there is likely to be some differences between the older and younger managers. The younger TMT are likely to focus on an outward oriented differentiation strategy with a broad scope while the older managers are more likely to support efficiency oriented low cost strategy with a narrow scope.

Differences in professional training and exposure are likely to lead to disagreements when the TMT is composed of members with varied backgrounds, for example human resources and engineering. The more diverse the TMT, the more it has a negative impact on organization performance. However, when an involvement culture is introduced, and information is widely shared among the diverse TMT, the performance of the banks is enhanced. An involvement culture encourages horizontal rather than hierarchical coordination and emphasizes on teams as the primary building blocks.

Further, banks with an involvement culture continually invest in the development of skills of the team members. Investment in these management practices is likely to bring the diverse TMT closer for better results. Members of the diverse TMT want to be treated as equals and give their ideas and suggestions in the decision making process for better performance of the banks. The study indicated that empowerment of a diverse TMT led to better organization performance. This may be interpreted to mean that they had greater satisfaction with their jobs, were more motivated and reduced operation costs. Empowerment means more competence, value addition to work and increased use of talent, thus an empowered TMT is likely to be more entrepreneurial and ready to take more risks.

One of the most recent methods to participate in an organization is through career planning. This has been seen as one of the best ways to retain the best and reduce dissatisfaction. The TMT, under such an environment have a say in what they expect in their employment period and have a direct effect on the efficient delivery of bank services. While the customer today is seen as the King, only a satisfied and recognized team can satisfy the customer. In bureaucratic cultures, employees are exploited, coercively managed and made to work while in an involvement culture, they are well managed and kept happy to make them win over the competitive market.

We can therefore conclude that when teams are empowered through sharing of information needed to work, when teams have strong emotional bonds and all believe that they have a positive impact, diversity is no longer an issue in the banks thus resulting to better performance. The study contributes to knowledge in that, an involvement culture has a significant effect on the performance of banks made up of diverse Top Management Teams.

5.2.10 TMT Diversity, Diversity Management Strategies and Organization Performance

Diversity of TMT is known to have negative effects on organization performance. When it comes to the distribution of resources, some departments may be favored depending on who is heading them thus increasing the negative effect of TMT on organization performance. The study however sought to establish the moderating effect of diversity management strategies in the relationship between TMT diversity and organization performance. The study found that when factors which make up diversity management strategies were introduced as moderators in the relationship between TMT diversity and organization performance, the effect on the performance of banks was significant. Murray (1989) used the moderating variables of change and competition in the study of Top Management Team heterogeneity and firm performance.

The different diversities under study influence group performance differently. Younger managers, for example have an upper edge in information technology and current knowledge having attended recently reviewed and more relevant academic programmes compared to the older managers. Their communication style, in terms of language, dress and even views may affect the way they relate with the older managers. The older managers in the banks in Kenya may also be conservative while the younger managers are more liberal. Some banks have come up with graduate management programmes which aim at developing graduates to managers and later to senior managers. Such programmes integrate the younger managers to the systems of their banks enhancing performance.

Diversity in terms of academic qualifications also affects organization performance. In an empirical study, it was found that groups with members of diverse education background experience more difficulty defining how to proceed than groups in which members have similar education backgrounds (Polzer et al., 2002). However, when there diverse TMT are encouraged to value each other regardless their differences, this is likely to lead to greater creativity and innovation.

The substantial growth registered in the Kenya banks can be linked to industry wide innovations, efficiency through technology and penetrating unbanked or under banked markets. The client base in Kenya spans the country geographically thus the banks have to be innovative to meet the client's dynamic needs. These services include mobile banking, micro financing and agent banking, which require advanced technology.

Diversity management strategies in this study were found to have a positive moderating effect on the relationship between TMT diverse and the performance of banks in Kenya. This can be interpreted to mean that when a TMT is diverse and diversity management is encouraged through valuing of diversity, when performance appraisal are done objectively and not based on personalities, or when employees are encouraged to be sensitive to colleagues from diverse backgrounds, this contributes positively to organization performance. This means that an introduction of policies to attract and retain diverse TMT moderates on the relationship TMT- organization performance equation significantly. We can conclude that diversity management strategies have a significant positive effect on the relationship between TMT diversity and organization performance.

CHAPTER SIX

SUMMARY, CONCLUSION AND RECOMMENDATIONS

6.1 Introduction

This study was to establish the effect of TMT diversity on organization performance. Further, it was to determine how different moderating variables, namely, involvement culture and diversity management strategies affect this relationship. It was motivated by an interest to find out how diversity of the Top Management Team affects performance of banks in Kenya. Past empirical studies on TMT diversity-organization performance have given mixed results. This chapter presents a summary of the findings, conclusions, limitations of the study, suggestions for future research and the implications of the study on theory, policy and practice.

6.2 Summary of findings

The broad objective of the study was to determine the influence of Top management Team diversity on the performance of organizations. This was tested by hypothesis one which stated that Top Management Team diversity has an effect on organization performance. The findings show that diversity of the TMT in commercial banks in Kenya does not have a significant effect on their performance. Diversity under study was gender, age, tenure with the bank, academic qualifications, professional qualifications and functional back ground. Performance measures under study were the four perspectives of the balanced score card and also secondary data obtained from the Banking Survey of Kenya. The results indicated that the overall TMT diversity and all the factors making up TMT diversity did not have a significant effect on the performance of the banks. Based on these findings, H_1 was not accepted.

The second objective assessed the effect of TMT diversity on quality of decisions. This was tested by the second hypothesis which stated that Top Management Team diversity has an effect on quality of decisions. The researcher found out that the effect of TMT diversity on the quality of decisions was not significant so H_2 was not accepted.

The third objective was to find out the effect on quality of decisions on the performance of organizations. This objective was tested by the third hypothesis which stated that quality of decisions has an effect on organization performance. The results of regression analysis of quality of decisions on the overall organization performance and quality of decisions on each of the four perspective of the balanced scorecard showed that the quality of decisions has a significant effect on the performance of the banks in Kenya. Specifically, quality decisions were found to have a significant effect on the internal business processes and the learning and growth perspectives of the balanced score card approach. The effect of quality decisions on the financial and customer perspective was found to be lower than that of internal business processes and the learning and growth perspectives of the balanced score card approach. As a result, H₃ was accepted.

The fourth objective, which had two hypotheses, was to determine the effect of involvement culture and diversity management strategies on the relationship between TMT diversity and quality of decisions. Hypothesis four tested the moderating effect of involvement culture on the relationship between TMT diversity and quality of decisions while hypothesis five tested the moderating effect of diversity management strategies on the relationship between TMT diversity and the quality of decisions. The results of hypothesis found that when TMT diversity was combined with involvement culture, the effect was significant.

Hypothesis five also established that where as TMT diversity has no effect on quality of decisions, the effect became significant when it was combined with involvement culture. This therefore means that both involvement culture and diversity management strategies have a significant moderating effect on the relationship between TMT diversity and quality of decisions and as a result, both H₄ and H₅ were accepted.

Diversity management strategies were however found to have better moderating effect on the quality of decisions than involvement culture. Whereas the F change of the combined effect of TMT diversity and diversity management strategies on quality of decisions was $F = 13.531$ at $p < .001$, the F Change for the combined effect of TMT diversity and involvement culture on quality of decisions was $F = 7.564$ at $p < .01$.

The final objective which was number five was to establish the influence of involvement culture and diversity management strategies on the relationship between TMT diversity and organization performance. As noted under objective one, TMT diversity had no significant effect on the performance of the banks. The researcher therefore tested the moderating effect of involvement culture and diversity management strategies on the relationship between TMT diversity and the performance of organizations. These two hypotheses represent hypothesis six and seven respectively. The results of the study found that involvement culture had a significant moderating effect on the relationship between TMT diversity and organization performance. Diversity management strategies were also found to have a significant moderating effect on the relationship between TMT diversity and organization performance leading to the acceptance of H_6 and H_7 respectively.

An involvement culture was however found to have a better moderating effect on the relationship between TMT diversity and organization performance than the diversity management strategies. Whereas the F Change was 33.635 when involvement culture was introduced as a moderator, the F Change was 20.919 when diversity management strategies were introduced to the TMT- organization performance equation.

6.3 Conclusion

Studies on diversity and organization performance produce mixed results. From the results of the study, we can conclude that TMT diversity has no significant effect on both the quality of decisions and the performance of organizations. In fact age and gender contributes negatively to organization performance. Academic qualification and diversity in tenure at the top management also have a negative effect on the performance of organizations.

It is generally believed that a mix of TMT characteristics is good for organization performance. The results of the study show otherwise which clearly indicates that the biases, conflicts and communication barriers which come along in diverse teams contribute negatively to the quality of decisions and the performance of banks in Kenya. However, from the findings of past researches, the results on the effect of TMT diversity on organization performance will depend on the measures of performance under study.

The use of quality of decisions was found to have a significant effect on the relationship between TMT diversity and performance of organizations. We can further conclude that different moderating variables have varying influence on the relationship between TMT diversity and the quality of decisions and TMT diversity and organization performance. From the results of the study, banks which have a involvement culture have better quality of decisions than those with low involvement culture. Further implementing policies to support diversity management has better influence on the quality of decisions and performance than banks which have not put in place such strategies.

Implementation diversity management strategies has a more significant influence on TMT diversity- quality of decisions relationship than that of involvement culture while involvement culture moderates the TMT diversity- organization performance better than done by diversity management strategies.

We can therefore conclude that when banks have a diverse TMT, implementing diversity management strategies will contribute positively to the quality of decisions made. The bank management should therefore make a deliberate effort and invest in programmes and policies which reduce stereotyping but instead encourage valuing diversity. We can further conclude that banks should empower diverse TMT, develop their capacity and also encourage them to work in teams as this will result to better performance.

6.4 Limitations of the study

Time was also a constraint. Some of the Heads of Human Resources were quite busy with their annual Performance Appraisals while others had very busy schedules and were almost always attending meeting or even conducting interviews. As a result, some took too long to fill in the questionnaire and only took action after several reminders. The researcher noted that some respondents found responding to the questionnaires as a waste of their time since they could not assign any direct benefits to themselves or their banks. Other banks also claimed that it was against their policy to participate in research or that the head of Human Resources had to be cleared by this or that authority, making data collection quite a challenge.

Issues relating to diversity are very sensitive especially in the Kenyan context. The first major challenge in undertaking this study was to convince the Heads of Human Resources to fill in the questionnaire. The area under study, TMT diversity and the performance of banks draws a lot of emotions and suspicion. The field of diversity is known to cause civil strife or conflicts if not well managed. There is a lot of talk in Kenya today about affirmative action and asking the Heads of HR to give data on the composition of their TMT was initially a challenge as they may have felt, in my view, exposed. They however became relaxed and co operative when they were assured that the data was required purely for academic research. The Heads of HR were the respondents in the study. However, the TMT is composed of other functional heads who did not participate in the study. A wider participation of other TMT from other functions may have given different results, thus this is a limitation in the study.

Some banks also requested that the Central bank of Kenya first clears the researcher before they could give any data. The researcher therefore wrote to the Central Bank of Kenya requesting for such an introductory letter. When the bank responded much later, they informed the researcher that it was not within their mandate to give such a letter. This hurdle was however overcome with clear communication of the purpose of the research.

Implications For Theory

Some respondents also refused to fill in the last part of the questionnaire which was asking for information on the composition of their Top Management Teams. These Heads of Human Resources argued that the information was confidential and thus they had no authority of releasing it without the authority of the individual TMT members. Fortunately, those who had a problem with directly releasing the information facilitated other published documents which had the same information, and as a result, I was able to extract the required data. One bank however failed to facilitate either.

The diversity variables under study were seven. As noted in the study, each type of diversity affects performance differently. Some of the diversity factors were observable while others were underlying. Some like tenure professional and functional backgrounds are task related while others like age and gender are not related to task. This makes data analysis quite demanding.

Financial resources were also limited as the researcher had to hire a Research assistants to assist undertake the data collection. Further, the researcher had to produce many copies to keep on resending to the respondents who had misplaced the original ones as some wanted them in hard copy. All in all, most barriers mentioned above were overcome amicably.

6.5 Implications of the study For Theory, Policy and Practice

The current study confirms the mixed findings on the relationship between TMT diversity and performance. It also gives consistent negative effect of observable attributes, namely age and gender on quality of decisions and performance. It confirms earlier researches that biases and discrimination on easily observable attributes may still be contributing negatively to organization performance.

6.5.1 Implication for Theory

On theory, the study advances the Upper Echelon Theory which suggests that Top Management Team characteristics, specifically their demographic one could impair decision making and thus organization performance. The findings of this study show that TMT diversity has no significant effect on quality of decisions. The study further confirms some earlier findings that TMT diversity does not have a significant effect on organization performance. The study further shows that the effect of TMT diversity on factors of organization performance using the balanced scorecard approach is the same as when using secondary data, thus there is a close link between objective and subjective data on bank performance. Further, the study contributes to theory in that diversity in functional background has a significant effect on the quality of decisions of the TMT. The quality of decisions also has a significant effect on the internal business processes perspective and learning and growth perspectives of the balanced scorecard approach of organization performance.

This research also serves as a reference point for those studying the relationship between TMT diversity, quality of decisions and organization performance. Other researchers can test other moderators to this relationship to find out which ones have the most significant effect. Past empirical research on the relationship between TMT diversity and organization performance had recommended further research on which variables moderate on this relationship. This study found that involvement culture and diversity management strategies have a significant influence on this relationship.

6.5.2 Implication for Policy

The government of Kenya is committed to have at least 30 percent presentation of any gender in public recruitments, promotions and appointments to all decision making level through gender mainstreaming in government policies, plans, budgets and programmes. The study found out that gender diversity neither contributes significantly to the quality of decisions nor to the performance of commercial banks in Kenya. These programmes should therefore be for affirmative action not necessarily for increase in output.

Further, age diversity does not have any significant contribution to quality of decisions or performance. Age diversity in the workplace should however be encouraged for good governance, equity and fair distribution not necessarily because of any expected increased outcome

However, when the minorities are involved in decisions affecting them, when relevant information is shared, then this enhances the quality of decisions and the performance of the diverse Top Management teams. Diversity management strategies are not widely applied in Kenya unlike in some countries, like South Africa and the United States of America where laws have been passed to ensure that the interests of the minorities are well taken care of. Following the promulgation of the new Constitution in August 2010, a lot is expected to be seen in Kenya as the rights of the minority take effect.

The study also emphasizes the importance of how quality of decisions affects performance positively. Policy and decision makers need to involve those who are impacted by decisions and also take time to determine the causes of major problems. In addition, the need to brain storm, generate many options, engage experts and make use of historical data add value in coming up with quality decisions.

While making the final decisions, there is need to make contingency plans, compare several alternatives and promptly implement decisions in order to enhance the performance of the banks. The Constitution of Kenya, 2010 recognizes the need to involve those who are affected by decision in the decision making process. The benefits of this critical need are confirmed in this study.

6.5.3 Implication for Practice

This study bears significant implications for those responsible for the composition of the TMT. The study clearly confirms earlier research findings that TMT diversity has no significant effect the performance of organizations. In particular, the study identifies gender diversity and age diversity as having negative effects on quality of decisions and organization performance. This implies that recruiting more of one gender to create a balance has a negative impact on the performance of organizations.

The study gives input in that gender diversity is not expected to enhance the quality of decisions in the organizations but the same will be good for affirmative action. Diverse ages too at the top have a negative effect on performance as people view the world based on their socialization and environments. High diversity in age needs to be discouraged while composing Top Management Teams as it affects their performance negatively.

Moderating effects of involvement culture and diversity management strategies however contribute in making the negative effect of gender and age positive. This can be interpreted to mean that when recruiting for teams, the levels of education should be the same as much as possible. Diversity in academic qualification of teams leads to negative effect as the levels of reasoning are expected to be very different.

Further, the study established that out of the seven factors of diversity under study, tenure with the bank had the highest positive effect on both performance and the quality of decisions. This finding is very critical to the human resources managers to ensure a mix of years worked by the TMT which contributes to the performance of banks. The HR managers can ensure that the TMT is composed of members who have worked for diverse periods so that banks can continually ensure a mix in experience at the top. New members to the TMT may inject fresh ideas to the bank like advanced technology while drawing from the experiences of those who have been in the banks longer. Decision makers in organizations and more so banks, can be guided by the finding of the study while recruiting TMT's and also while developing policies which aim at retaining and maintaining their employees.

6.6 Suggestions for future research

We recommend future studies be undertaken where other moderating variables are used to determine the effect of TMT diversity on organization performance. We further recommend testing of different diversity variables, namely, race, physical disability, sexual orientation which were not focused on in the study. It will also be interesting to find out how the life span of an organization relates to performance. In particular, how do TMT of older companies perform compared to those of younger ones? Organizational maturity can provide insights into performance of TMT diversity.

We also recommend a study of diversity which not only focuses on the TMT but also on the different levels of workers. It will be interesting to find out if employees view diversity and performance in the same way as the heads of Human Resources. Diversity among different levels of staff may have varying results different from those of the Top Management Team. A study on how diversity of the TMTs affects performance outcomes of the other staff in terms of recruitment, performance appraisals, training and even reward management would be interesting.

It would also be interesting to undertake a similar study in the public sector and more so in state corporations where a lot of emphasis has been put by the Kenyan government on affirmative action. The new Kenyan constitution states that no single gender should be represented at over 70 percent in recruitments, appointments and promotions. It would be interesting to find out how far this has been implemented in the public institutions and if it has had any significant contribution to performance using the Performance Contracts which are currently signed between the Government of Kenya and public institutions annually for almost ten years now.

The use of other organization performance outcomes like turnover, absenteeism, commitment could be studied on the context of TMT diversity as predictors of these outcomes. We further recommend studies on how diversity of the sales staff has an effect on market share. Past researches have indicated that customers like identifying with those who look like them and a study on the same in the banking sector is recommended.

Future research can also compare the performance of TMT diversity and performance of banks from the private and public sectors. Further research could also be undertaken using others forms of research design, which includes longitudinal design. It would be interesting to see if the results of TMT diversity are the same in a study carried out over a number of years. This could provide useful work force data and give different ways to capture and assess the dependent variable of organization performance.

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APPENDICES

Appendix I: Letter of Introduction from The Department of Business Administration, School of Business, University of Nairobi



UNIVERSITY OF NAIROBI SCHOOL OF BUSINESS

7th December 2011

RE: TO WHOM IT MAY CONCERN – CECILIA MUTUKU

The above named is a Ph.D candidate in the Department of Business Administration, School of Business, University of Nairobi and is collecting data for his doctoral dissertation titled: **The influence of Organizational culture and Diversity Management strategies on the relationship between Top Management Team and Performance of Commercial Banks in Kenya.**

We would appreciate if you give him necessary assistance with the required data to enable him to complete the research project. The information given will be strictly confidential.

Yours faithfully,

Sgd.

Chairman, Department of Business Administration
School of Business

Appendix II: Cover Note for Respondents

Cecilia Mutuku,
P.O. Box 76592-00508,
NAIROBI,
Kenya
Cellphone: 0722-55884
Email Address: Cecilia.mutuku@yahoo.com

December 7th, 2011

To Whom It May Concern:

Dear Sir/Madam,

RE: REQUEST FOR ACADEMIC RESEARCH DATA

I am a Ph.D candidate at the University of Nairobi currently conducting research in large private manufacturing entities in Kenya. My topic is: **The influence of Organizational culture and Diversity Management strategies on the relationship between Top Management Team and Performance of Commercial Banks in Kenya.**

I have chosen your firm as among the top companies to be included in the study since you are considered a key player in the SCM within your industry and hence you are better placed to provide the necessary data for this study. The information received will be strictly treated with confidentiality it deserves and you may contact the researcher to find out your performance index after the completion of this study.

The identity of the company will be concealed to maintain confidentiality of information received and will not be divulged to a third party. The results of the report will be used solely for academic purposes.

Please contact my research assistant, Ms. Beatrice to collect the questionnaire as soon as it is ready, on mobile No.0726349743 or E-mail Address: Cecilia.mutuku@yahoo.com. Attached, please find the questionnaire.

Yours faithfully,

Sgd.

Cecilia M Mutuku

Ph.D Candidate

Department of Business Administration,

School of Business, University of Nairobi

SECTION I: BACKGROUND

Please provide the required information or tick in the availed spaces

Name Of Bank (Optional)-	BANK DATA				
	b) Respondent:-	HRM			Other-state
Years of Existence of the bank:-	Below 5 Years	6-10 Years	11-20 Years	21-30 Years	Over 31 Years
Full time employees	Below 20	51-100	101-250	251-500	501 Plus
Ownership Structure					
Wholly Private Locally Owned		Wholly Government (State) Corporation			
Wholly Private Foreign Owned		Partly Government and Privately Owned			
Wholly Private Local and Foreign Owned		Quintet on NSE Local Owned			

Appendix III: Questionnaire

Research on Management Diversity and Organization Performance in Commercial Banks in Kenya

Dear Respondent,

The following questionnaire is designed to capture data from commercial banks in Kenya to establish the effect of Top Management Teams (TMT) diversity on the performance of the banks as moderated by diversity management strategies and culture. The Top Management Teams are the direct reports to the Chief Executive Officer/ Managing Director who are involved in strategic decision making process. As the head of Human Resource Management in your organization you are uniquely placed and well informed to respond to this questionnaire. This is purely an academic research and the results will not be traceable to your organization or any individual person. Your participation in facilitating the study is highly appreciated. We would therefore urge you to freely answer the questions as only the researcher will have access to the raw data and the development of the final report.

SECTION 1: BACKGROUND

Kindly provide the required information or tick in the availed spaces

BANK DATA						
1.	a) Name Of Bank (Optional)-	b) Respondent:-	HRM		Other-state	
2.	Years of Existence of the Bank:-	Below 5 Years	6-10 Years	11-20 Years	21-30 Years	Over 31 Years
3.	Full time employees	Below 50	51-100	101-250	251-500	501 Plus
4.	Ownership Structure					
	Wholly Private Locally Owned		Wholly Government (State) Corporation			
	Wholly Private Foreign Owned		Partly Government and Privately Owned			
	Wholly Private Local and Foreign Owned		Quoted on NSE Local Owned			

SECTION 2: INVOLVEMENT CULTURE

Please indicate with a tick the extent to which you believe that your bank operates under the following circumstances

No.	Description	Not at all	To a little extent	To a moderate extent	To a great extent	To a very great extent
Empowerment						
1.	Information is widely shared so that everyone can get the information he or she needs when it is needed					
2.	Employees have strong emotional bonds to the bank					
3.	Everyone believes that he or she has a positive impact					
Team orientation						
4.	Working in this bank is like being part of a team					
5.	This bank relies on horizontal coordination to get work done rather than hierarchy					
6.	Teams are the primary building blocks of this bank					
Capacity Development						
7.	This bank is continually improving compared to its competitors (banks) in many dimensions					
8.	This bank continuously invests in the development of skills of its employees					
9.	The capacity of the Top Management Team is viewed as an important source of competitive advantage					

SECTION 3: DIVERSITY MANAGEMENT STRATEGIES

Please indicate your opinion on the following statements

No.	Description	Not at all	To a little	To a moderat	To a great	To a very
Recruitment and outreach						
1	Top Management Team supports recruitment of diverse employees					
2	There are diverse employees in the bank					
3	Job adverts aim at attracting diverse applicants					
Valuing diversity						
4.	Performance evaluations are focused on an individual's performance, not personality					
5	Several diverse employee are at the top of the organization					
6	Employees are encouraged to be sensitive to colleagues from diverse backgrounds					
Policies and programmes						
7	The bank has policies to attract and retain diverse employees					
8	There are programmes in the bank to reduce stereotyping					
9	Managers are trained on diversity management strategies					

Use of special group of employees
and external experts with diverse

SECTION 4: QUALITY OF DECISIONS

To what extent do you agree with the following statements?

No.	Description	Not at all	To a	To a	moderat	e extent	To a	great	To a	very
When determining the cause of a major problem, the Bank:-										
1.	Involves the people who are directly impacted									
2.	Makes extensive use of external experts									
3.	Considers all possible causes of problem									
4.	Provides the required resources									
When generating alternatives to solve problems:-										
5.	Brainstorming sessions occur during meetings									
6.	Many options are generated									
7.	Meaningful and reliable information about each option is known especially on risk									
8.	A number of creative yet feasible alternatives solutions are seriously considered									
9.	There is use of historical data									
10.	The bank spends resources to involve external experts who can help identify possible alternatives									
Final decision and decision integration										
11.	Use of special group of employees and external experts with diverse									

	knowledge					
12.	Make contingency plans					
13.	Conduct extensive analyses that directly compare several alternatives					
14.	Divergent opinions and competing alternatives are seriously considered					
15.	Decisions are promptly implemented					

SECTION 5: ORGANIZATION PERFORMANCE

Kindly answer the questions below by indicating with a tick inside the correct box

No.	Balanced Score Card: Financial; Customer; Internal Business Process; and Learning and Growth Perspectives	Not at all	To a little extent	To a moderate	To a great extent	To a very great extent
Financial perspective						
1.	Customer deposits have grown faster in the last three years compared to other banks					
2.	Return on shareholder equity has improved compared to competitors					
Customer perspective						
3.	Our market share has expanded in the last three years					
4.	We have been able to retain our customers more compared to other banks					
5.	Response to customer complaints					

	is much faster compared to competitors					
6.	Our customers are much more satisfied compared to other banks					
Internal Business processes perspective						
7.	We have an efficient and fully automated business process					
8.	Our turnaround times on major banking services such as loan approval is much better than competitors					
9.	Level of creativity and innovation of new products is high					
Learning and growth perspective						
10.	We are efficient in both external and internal communications					
11.	Our ability to attract and retain staff is high					
12.	The level of staff satisfaction is high					

HOLDER'S	Gender (b)		Age bracket (c)			Years of service with this bank (d)			Years of service At top mgmt in this bank (e)			Highest academic qualification (f)			Professional qualification(if any) (g)				Functional field the holder has most experience (h)				
																							L
	M	F	-50	31-35	36-40	41-45	-5	6-10	11-15	-3	4-5	6-10	Doc.	Ms	Bac.	CPA	CPS	Med.	Eng.	Fin	HR	Sal/ Mkg	Ad
			46-50	51-55	56-60	61+	16-20	21-30	30+	11-15	16-20	21+	Dip.	A-L	O-L	Mkg /Sales	Law	HR	Oth.	Inf	Sec	Aud	Cre
	M	F	-30	31-35	36-40	41-45	-5	6-10	11-15	-3	4-5	6-10	Doc.	Ms	Bac.	CPA	CPS	Med.	Eng.	Fin	HR	Sal/ Mkg	Ad
			46-50	51-55	56-60	61+	16-20	21-30	30+	11-15	16-20	21+	Dip.	A-L	O-L	Mkg /Sales	Law	HR	Oth.	Inf	Sec	Aud	Cre
	M	F	-30	31-35	36-40	41-45	-5	6-10	11-15	-3	4-5	6-10	Doc.	Ms	Bac.	CPA	CPS	Med.	Eng.	Fin	HR	Sal/ Mkg	Ad
			46-50	51-55	56-60	61+	16-20	21-30	30+	11-15	16-20	21+	Dip.	A-L	O-L	Mkg /Sales	Law	HR	Oth.	Inf	Sec	Aud	Cre
CEO/MD NATIONALIT Y	M	F		Kenyan			non Kenyan			African			European			Asian				Other: (specify)			

∞THANK YOU VERY MUCH FOR TAKING TIME TO ANSWER THE QUESTIONS. ALL INFORMATION WILL BE TREATED WITH ULTIMOST CONFIDENTIALITY∞

Means

Doc- Doctor

Med- Medical

Ad- Administration Inf.-Information &Operations

Ms- Masters

Mkg- Marketing

Cre-Credit

Bac-Bachelors

Eng- Engineering

Aud-Audit

Dip-Diploma

HR- Human Resources

Sec- Security &Fraud

A-L- A Levels

Fin- Finance

O-L- O Levels

Appendix IV: Commercial Banks in Kenya

1. ABC Bank
2. Bank of Africa
3. Bank of Baroda
4. Bank of India
5. Barclays Bank of Kenya
6. CFC-Stanbic Bank
7. Chase Bank
8. Citibank N.A
9. City Finance Bank
10. Commercial Bank of Africa
11. Credit Bank
12. Consolidated Bank
13. Co-operative Bank of Kenya
14. Development Bank of Kenya
15. Diamond Trust
16. Dubai Bank
17. Eco Bank
18. Equatorial Commercial Bank
19. Equity Bank
20. Family Finance Bank
21. Fidelity Commercial Bank
22. Fina Bank
23. First Community Bank
24. Giro Commercial Bank
25. Guardian Bank
26. Gulf African Bank
27. Habib A.G Zurich
28. Habib Bank Ltd
29. HFCK
30. I&M Bank

- 31. Imperial Bank
- 32. Kenya Commercial Bank
- 33. K-Rep Bank
- 34. Middle East Bank
- 35. National Bank of Kenya
- 36. NIC Bank
- 37. Oriental Commercial Bank
- 38. Paramount Bank
- 39. Prime Bank
- 40. Standard Chartered Bank
- 41. Southern Credit Bank
- 42. Trans-National Bank
- 43. Victoria Commercial Bank

Scale Mean	Scale Variance	Corrected Item-Total	Squared Multiple Correlation	Cronbach's Alpha if Deleted
181.33	237.315	445		0.94
184.70	253.213	492		0.95
184.01	223.309	376		0.94
184.15	256.736	438		0.96
184.38	253.047	480		0.95
184.13	237.891	365		0.95
183.45	250.216	370		0.94
184.40	245.752	436		0.95
184.35	254.906	515		0.95
184.26	255.488	442		0.96
184.45	255.303	495		0.97
184.67	271.504	493		0.95
184.37	258.765	489		0.95
184.79	223.465	388		0.94
184.76	258.054	393		0.96
184.61	237.349	333		0.95
185.42	290.016	520		0.94
185.39	255.604	490		0.97
184.39	239.535	385		0.96
186.15	352.466	677		0.92
184.94	238.246	654		0.96

Source: Central Bank of Kenya Annual Report, 2010

Appendix V: Reliability and validity testing

The Cronbach's α (alpha) test- All Variables

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach' s Alpha if Item Deleted
Information is widely shared	184.55	257.318	.446		.896
Employees have strong emotional bonds to the bank	184.70	253.218	.492		.895
Everyone believes that he or she has a positive impact	184.61	252.809	.576		.894
Working in the bank is like being in a team	184.45	256.756	.438		.896
Bank relies on horizontal coordination rather than hierarchy	184.88	253.047	.480		.895
Teams are the primary building blocks of the bank	184.55	257.881	.369		.896
Bank is continually improving compared to competitors	184.45	250.818	.570		.894
Bank continuously invests in development of employees skills	184.42	249.752	.646		.893
Top management capacity is an important source of competitive advantage	184.39	254.996	.515		.895
Top mgmt supports recruitment of diverse employees	184.36	255.489	.442		.896
There are diverse employees in the bank	184.45	258.568	.282		.897
Job adverts aim at attracting diverse applicants	184.67	253.604	.492		.895
Performance evaluations focus on performance, not personality	184.27	258.705	.380		.896
Several diverse employees are at the top of the organization	184.79	255.485	.282		.898
Employees are encouraged to be sensitive to colleagues from diverse backgrounds	184.76	256.064	.393		.896
The bank has policies to attract and retain diverse employees	184.61	257.309	.355		.896
There are programmes in the bank to reduce stereotyping	185.12	250.610	.529		.894
Managers are trained on diversity management strategies	185.39	255.684	.291		.897
Involves the people who are directly impacted	184.39	259.559	.213		.898
Makes extensive use of external experts	186.18	252.466	.477		.895
Considers all possible causes of problem	184.61	250.246	.654		.893

Provides the required resources	184.64	250.364	.623	.893
Brainstorming sessions occur during meetings	184.39	258.746	.351	.897
Many options are generated	184.67	261.854	.166	.898
Meaningful and reliable information about each option is known	184.58	252.627	.530	.894
Creative yet feasible alternatives solutions are seriously considered	184.70	256.405	.330	.897
There is use of historical data	184.88	250.235	.514	.894
The bank spends resources to involve external experts	185.64	254.864	.276	.898
Use of special group of employees and external experts with diverse knowledge	185.30	251.280	.367	.897
Make contingency plans	184.82	256.716	.436	.896
Conduct extensive analyses that directly compare several alternatives	184.91	256.585	.345	.896
Divergent opinions and competing alternatives are seriously considered	184.79	257.860	.353	.896
Decisions are promptly implemented	184.82	252.716	.487	.895
Customer deposits have grown faster in the last three years compared to other banks	184.88	255.110	.351	.896
Return on shareholder equity has improved compared to competitors	185.18	243.341	.605	.892
Market share has expanded in the last three years	184.85	265.695	-.046	.901
Retention of customers is more compared to other banks	184.88	255.547	.374	.896
Response to customer complaints is much faster compared to competitors	184.76	258.377	.341	.897
Customers are much more satisfied compared to other banks	184.70	257.343	.362	.896
Efficient and fully automated business process	184.79	252.235	.555	.894
Turnaround times on major banking services such as loan approval is much better than competitors	184.94	261.996	.100	.899
Level of creativity and innovation of new products is high	184.97	244.843	.690	.892
Efficiency in both external and internal communications	184.91	252.710	.551	.894
Ability to attract and retain staff is high	184.91	247.210	.647	.893

The level of staff satisfaction is high	185.06	254.809	.481	.895
Increase in customer deposit	185.33	257.792	.190	.899
Returns on average assets	185.24	261.252	.066	.902
Profit before tax	184.06	249.621	.163	.909

The test for reliability on 48 items provided a Cronbach's alpha based on standardized items of .916, an excellent figure for reliability (Field, 2009). On the individual items (factors), all those that scored below .3 in the corrected item-total correlation were dropped as they are said not to be correlating with the final score. No items were found to have values that were substantially greater than the overall alpha of .916.

Appendix VI: Factor extraction of Main Factors

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	No of Items
.861	.832	20

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Empowerment	128.7777	148.753	.603	.917	.847
Team orientation	128.7132	153.232	.593	.892	.849
Capability development	128.1971	141.478	.662	.862	.844
Recruitment and outreach	132.7132	154.273	.656	.901	.847
Valuing diversity	132.7454	158.801	.561	.824	.851
Policies and programmes	133.3906	154.561	.555	.823	.850
Determining the cause of a major problems	134.3906	151.525	.658	.848	.846
Generating alternatives to solve problems	128.5519	150.981	.471	.756	.854
Final decision and decision integrating	125.4229	144.870	.508	.720	.855
Financial perspectives	133.7132	151.061	.464	.678	.855
Customer perspectives	129.1971	154.578	.403	.808	.858
Internal business process	133.3906	145.514	.765	.881	.840
Learning and growth	129.7132	141.624	.718	.756	.841
Age Diversity	139.8955	172.490	.072	.734	.863
Tenure diversity in bank service	140.2229	170.303	.165	.816	.862
Academic diversity	140.4142	172.375	.090	.737	.863
Professional qualifications diversity	140.5429	173.461	.052	.815	.863
Functional backgrounds diversity	140.4492	173.215	.105	.795	.863
Gender Diversity	140.5062	172.806	.157	.581	.862
Tenure diversity at top management	139.9578	172.444	.081	.823	.863

All items registered reasonable score of if Item Deleted of maximum .863, not higher than the corrective alpha of .861, showing that deleting the factors would not significantly increases the reliability of the data. All factors registered excellent Cronbach's Alpha if item-deleted scores of above 8.

Appendix VII: Communalities

	Initial	Extraction
Information is widely shared	1.000	.853
Employees have strong emotional bonds to the bank	1.000	.926
Everyone believes that he or she has a positive impact	1.000	.898
Working in the bank is like being in a team	1.000	.783
Bank relies on horizontal coordination rather than hierarchy	1.000	.922
Teams are the primary building blocks of the bank	1.000	.792
Bank is continually improving compared to competitors	1.000	.930
Bank continuously invests in development of employees skills	1.000	.888
Top management capacity is an important source of competitive advantage	1.000	.868
Top mgmt supports recruitment of diverse employees	1.000	.860
Job adverts aim at attracting diverse applicants	1.000	.797
Performance evaluations focus on performance, not personality	1.000	.818
Employees are encouraged to be sensitive to colleagues from diverse backgrounds	1.000	.865
The bank has policies to attract and retain diverse employees	1.000	.892
There are programmes in the bank to reduce stereotyping	1.000	.760
Makes extensive use of external experts	1.000	.882
Considers all possible causes of problem	1.000	.879
Provides the required resources	1.000	.878
Brainstorming sessions occur during meetings	1.000	.921
Meaningful and reliable information about each option is known	1.000	.914
Creative yet feasible alternatives solutions are seriously considered	1.000	.893
There is use of historical data	1.000	.831
Use of special group of employees and external experts with diverse knowledge	1.000	.920
Make contingency plans	1.000	.870

Conduct extensive analyses that directly compare several alternatives	1.000	.943
Divergent opinions and competing alternatives are seriously considered	1.000	.839
Decisions are promptly implemented	1.000	.958
Customer deposits have grown faster in the last three years compared to other banks	1.000	.910
Return on shareholder equity has improved compared to competitors	1.000	.840
Retention of customers is more compared to other banks	1.000	.889
Response to customer complaints is much faster compared to competitors	1.000	.891
Customers are much more satisfied compared to other banks	1.000	.826
Efficient and fully automated business process	1.000	.803
Level of creativity and innovation of new products is high	1.000	.846
Efficiency in both external and internal communications	1.000	.784
Ability to attract and retain staff is high	1.000	.843
The level of staff satisfaction is high	1.000	.836
Gender Diversity	1.000	.765
Age Diversity	1.000	.812
Tenure diversity in bank service	1.000	.884
Tenure diversity at top management	1.000	.825
Academic diversity	1.000	.912
Professional qualifications diversity	1.000	.816
Functional backgrounds diversity	1.000	.862

Appendix VIII: Component Matrix

FACTORS	Component									
	1	2	3	4	5	6	7	8	9	10
Information is widely shared										
Employees have strong emotional bonds to the bank									.503	
Everyone believes that he or she has a positive impact									.408	
Working in the bank is like being in a team									.515	
Bank relies on horizontal coordination rather than hierarchy								.400		
Teams are the primary building blocks of the bank								.490		
Bank is continually improving compared to competitors			.602					.393		
Bank continuously invests in development of employees skills			.728							
Top management capacity is an important source of competitive advantage			.575							
Top mgmt supports recruitment of diverse employees						.529				
Job adverts aim at attracting diverse applicants						.585				
Performance evaluations focus on performance, not personality						.464				
Employees are encouraged to be sensitive to colleagues from diverse backgrounds						.462				
The bank has policies to attract and retain diverse employees						.443				
There are programmes in the bank to reduce stereotyping						.622				
Makes extensive use of external experts								.523		
Considers all possible causes of problem								.765		
Provides the required resources								.713		
Brainstorming sessions occur during meetings					.458					
Meaningful and reliable information about each option is known					.597					
Creative yet feasible alternatives solutions are seriously considered					.451					
There is use of historical data					.579					
Use of special group of employees and external experts with diverse knowledge				.468						
Make contingency plans				.396						
Conduct extensive analyses that directly compare several alternatives				.356						
Divergent opinions and competing alternatives are seriously considered				.319						
Decisions are promptly implemented				.469						
Customer deposits have grown faster in the last three years compared to other banks			.247							
Return on shareholder equity has improved compared to competitors			.599							
Retention of customers is more compared to other banks		.755								
Response to customer complaints is much faster compared to competitors		.601								
Customers are much more satisfied compared to other banks		.603								
Efficient and fully automated business process	.649									
Level of creativity and innovation of new products is high	.764									
Efficiency in both external and internal communications										
Ability to attract and retain staff is high									.588	
The level of staff satisfaction is high									.677	
									.451	

Extraction Method: Principal Component Analysis. a. 10 components extracted.

Table A 1: Correlations of factors of TMT Diversity and factors of Organization Performance (four perspectives of the balanced score card)

		Gender Diversity	Age Diversity	Tenure diversity in bank service	Tenure diversity top mgt	Academic diversity	Professional qualifications diversity	Functional diversity	Financial	Customer	Internal business process	Learning and growth
Gender Diversity	Pearson Correlation	1										
	Sig. (2-tailed)											
Age Diversity	Pearson Correlation	-.090	1									
	Sig. (2-tailed)	.638										
Tenure diversity in bank service	Pearson Correlation	-.263	.528**	1								
	Sig. (2-tailed)	.160	.003									
Tenure diversity at top management	Pearson Correlation	-.117	.566**	.515**	1							
	Sig. (2-tailed)	.537	.001	.004								
Academic diversity	Pearson Correlation	-.100	.368*	.403*	.297	1						
	Sig. (2-tailed)	.598	.046	.027	.111							
Professional qualifications diversity	Pearson Correlation	.186	.036	-.204	-.192	.161	1					
	Sig. (2-tailed)	.325	.850	.278	.310	.395						
Functional background diversity	Pearson Correlation	.258	.149	-.157	-.167	.161	.616**	1				
	Sig. (2-tailed)	.169	.433	.407	.379	.394	.000					
Financial perspective	Pearson Correlation	-.205	-.149	.070	.058	-.165	-.262	-.092	1			
	Sig. (2-tailed)	.276	.433	.714	.761	.385	.162	.629				
Customer perspective	Pearson Correlation	-.058	-.102	-.012	-.221	-.164	-.048	.231	.433*	1		
	Sig. (2-tailed)	.762	.591	.951	.241	.387	.802	.220	.012			
Internal business process	Pearson Correlation	-.057	-.117	-.020	-.349	.070	.291	.101	.323	.330	1	

	Sig. (2-tailed)	.764	.537	.915	.059	.713	.119	.594	.066	.061		
Learning and growth	Pearson Correlation	-.282	-.119	.250	-.180	.212	-.202	-.076	.504**	.552**	.505**	1
	Sig. (2-tailed)	.131	.531	.183	.342	.260	.285	.691	.003	.001	.003	
**. Correlation is significant at the 0.01 level (2-tailed).												
*. Correlation is significant at the 0.05 level (2-tailed).												

From the results in Table A 1, the factors which make up Top Management Team diversity and organization performance have no significant correlation. Interestingly, most of the factors making up the TMT diversity have a negative correlation with the factors making up the four perspectives of organization performance under study, namely financial, customer, internal business processes and learning and growth. Notably, gender and all the factors of organization performance correlated negatively though insignificantly with financial ($r = -.205$), customer ($r = -.058$), internal business processes ($r = -.057$) and learning and growth ($r = -.282$). Age also correlated negatively but insignificantly with all the four perspective of organization performance with financial ($r = -.149$), customer ($r = -.102$), internal business processes ($r = -.117$) and learning and growth ($r = -.119$).

Table A 2: Correlation Summary results of TMT Diversity and Organization Performance

TMT factors	Correlation	Financial perspectives	Customer perspectives	Internal business process	Learning and growth
Gender	Pearson Correlation	-.205	-.058	-.057	-.282
Age	Pearson Correlation	-.149	-.102	-.117	-.119
Tenure in bank service	Pearson Correlation	.070	-.012	-.020	.250
Tenure at the top Management	Pearson Correlation	.058	-.221	-.349	-.180
Academic qualifications	Pearson Correlation	-.165	-.164	.070	.212
Professional Qualifications	Pearson Correlation	-.262	-.048	.291	-.202
Functional qualifications	Pearson Correlation	-.092	.231	.101	-.076

From Table A 2, customer perspective had an insignificant negative relationship with all the factors of TMT diversity under study except functional background. Functional background correlated with the customer perspective insignificantly at $r = .231$. Past studies have indicated that customers look at themselves and identify with organizations with employees who look similar to them. The financial perspective had a negative correlation with gender, age, academic qualifications, professional qualifications and functional back ground. The learning and growth perspective was not very different from the other factors making up organization performance. This perspective correlated negatively with gender, age, academic qualifications, professional qualifications and functional back ground. Positive relationship was noted between learning and growth and tenure at the bank and academic qualifications.

Table A 3: Correlations of factors of TMT Diversity and factors of Quality of Decisions

a. Correlations of factors of TMT Diversity and factors of quality of decisions											
		Gender Diversity	Age Diversity	Tenure diversity in bank service	Tenure diversity at top management	Academic diversity	Professional qualifications diversity	Functional backgrounds diversity	Determining the cause of a major problems	Generating alternatives to solve problems	Final decision and decision integration
Gender Diversity	Pearson Correlation	1									
	Sig. (2-tailed)										
Age Diversity	Pearson Correlation	-.090	1								
	Sig. (2-tailed)	.638									
Tenure diversity in bank service	Pearson Correlation	-.263	.528**	1							
	Sig. (2-tailed)	.160	.003								
Tenure diversity at top management	Pearson Correlation	-.117	.566**	.515**	1						
	Sig. (2-tailed)	.537	.001	.004							
Academic diversity	Pearson Correlation	-.100	.368*	.403*	.297	1					
	Sig. (2-tailed)	.598	.046	.027	.111						
Professional qualifications diversity	Pearson Correlation	.186	.036	-.204	-.192	.161	1				
	Sig. (2-tailed)	.325	.850	.278	.310	.395					
Functional backgrounds diversity	Pearson Correlation	.258	.149	-.157	-.167	.161	.616**	1			
	Sig. (2-tailed)	.169	.433	.407	.379	.394	.000				
Determining the cause of a major problems	Pearson Correlation	-.215	-.111	.317	-.193	-.011	-.042	-.097	1		
	Sig. (2-tailed)	.253	.560	.088	.307	.954	.826	.611			
Generating alternatives to solve problems	Pearson Correlation	.000	.023	.089	-.159	-.122	.229	.194	.450**	1	
	Sig. (2-tailed)	1.000	.902	.641	.400	.519	.224	.304	.009		
Final decision and decision integration	Pearson Correlation	-.068	.132	.384*	.093	.378*	.036	.081	.566**	.413*	1
	Sig. (2-tailed)	.720	.486	.036	.624	.039	.852	.670	.001	.017	
** . Correlation is significant at the 0.01 level (2-tailed).											
* . Correlation is significant at the 0.05 level (2-tailed).											

Table A 4: Correlations of factors of Quality of Decisions and factors of Organization Performance

		Financial perspective	Customer perspective	Internal business process	Learning and growth	Determining the cause of a major problems	Generating alternatives to solve problems	Final decision and decision integrating
Financial perspective	Pearson Correlation	1						
	Sig. (2-tailed)							
Customer perspective	Pearson Correlation	.433*	1					
	Sig. (2-tailed)	.012						
Internal business process	Pearson Correlation	.323	.330	1				
	Sig. (2-tailed)	.066	.061					
Learning and growth	Pearson Correlation	.504**	.552**	.505**	1			
	Sig. (2-tailed)	.003	.001	.003				
Determining the cause of a major problems	Pearson Correlation	.335	.230	.650**	.625**	1		
	Sig. (2-tailed)	.056	.198	.000	.000			
Generating alternatives to solve problems	Pearson Correlation	.149	.253	.575**	.319	.450**	1	
	Sig. (2-tailed)	.407	.155	.000	.071	.009		
Final decision and decision integrating	Pearson Correlation	.070	.239	.379*	.457**	.566**	.413*	1
	Sig. (2-tailed)	.701	.181	.030	.008	.001	.017	

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

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

Table A 5: Correlation summary results between Quality of Decisions and Organization performance

Performance perspectives	Correlation	Determining the cause of a major problems	Generating alternatives to solve problems	Final decision and decision integrating
Financial	Pearson Correlation	.335	.149	.070
Customer	Pearson Correlation	.230	.253	.239
Internal Business processes	Pearson Correlation	.650**	.575**	.379*
Learning and growth	Pearson Correlation	.625**	.319	.457**
*. Correlation is significant at the 0.05 level (2-tailed)				
**. Correlation is significant at the 0.01 level (2-tailed).				

As shown Table A 5, some factors which make up quality of decisions and organization performance have statistically significant relationship at 99% and 95% confidence levels. The study shows that the highest correlation is between a factor of quality decisions (determining the cause of a major problems) and another of organization performance, (internal business processes) at $r = 0.650$, $p < 0.001$. This can be interpreted to mean that when the TMT take time to extensively determine the cause of a problem, they end up with high innovation and creativity, automation and high turnaround time of major services within the banks. From the correlation analysis, we can conclude that quality of decisions has the strongest impact on the internal business processes which includes creativity and innovation, automation and turnaround time.

Table A 6: Correlations results of factors making up TMT Diversity

		Gender Diversity	Age Diversity	Tenure diversity in bank service	Tenure diversity at top management	Academic diversity	Professional qualifications diversity	Functional backgrounds diversity
Gender Diversity	Pearson Correlation	1						
	Sig. (2-tailed)							
Age Diversity	Pearson Correlation	-.090	1					
	Sig. (2-tailed)	.638						
Tenure diversity in bank service	Pearson Correlation	-.263	.528**	1				
	Sig. (2-tailed)	.160	.003					
Tenure diversity at top management	Pearson Correlation	-.117	.566**	.515**	1			
	Sig. (2-tailed)	.537	.001	.004				
Academic diversity	Pearson Correlation	-.100	.368*	.403*	.297	1		
	Sig. (2-tailed)	.598	.046	.027	.111			
Professional qualifications diversity	Pearson Correlation	.186	.036	-.204	-.192	.161	1	
	Sig. (2-tailed)	.325	.850	.278	.310	.395		
Functional backgrounds diversity	Pearson Correlation	.258	.149	-.157	-.167	.161	.616**	1
	Sig. (2-tailed)	.169	.433	.407	.379	.394	.000	
** . Correlation is significant at the 0.01 level (2-tailed).								
* . Correlation is significant at the 0.05 level (2-tailed).								

Correlation analysis for the main variables determined the type and strength of relationships if any, existing between the various factors making up the variables. The results indicate different magnitudes and directions for the relationships between various factors making up Top Management Team diversity. It was noted that there is a statistically significant relationship between functional background diversity and professional qualifications with $r = .616$ at $p < 0.01$. Age diversity and tenure diversity at top management had $r = 0.566$ at $p < 0.01$ and age diversity and tenure diversity at the bank with $r = .528$ at $p = 0.01$. Age diversity and academic diversity also have a positive correlation with $r = 0.368$ and $p < 0.05$ while tenure diversity in bank service and academic diversity are also significantly correlated with $r = 0.403$ and $p < 0.05$.

Moderating variables (Involvement Culture and Diversity Management Strategies)

The moderating variables in the study are involvement culture and diversity management strategies. The factors making up involvement culture are empowerment, team orientation and capacity development while diversity management strategies is made up of recruitment and outreach, valuing diversity and policies and programmes. A Pearson Correlation analysis was undertaken to find out the relationship between the factors making up the two moderating variables as shown below

	Empowerment	Team orientation	Capacity development	Recruitment and outreach	Valuing diversity	Policies and programmes
Empowerment	1					
Team orientation	0.545**	1				
Capacity development	0.618**	0.515**	1			
Recruitment and outreach	0.485**	0.435**	0.549**	1		
Valuing diversity	0.592**	0.115	0.512**	0.574**	1	
Policies and programmes	0.512**	0.125	0.549**	0.592**	0.574**	1

**Correlation is significant at the 0.01 level (2-tailed).
*Correlation is significant at the 0.05 level (2-tailed).

shows that there exists a statistically significant relationship between capacity development and recruitment and outreach with $r = 0.618$ and $p < 0.01$. It was also noted the correlation between empowerment and Team orientation with $r = 0.515$ and $p < 0.01$, team orientation and capacity development with $r = 0.549$ and $p < 0.01$, team orientation and recruitment and outreach with $r = 0.485$ and $p < 0.01$ and valuing diversity and empowerment and $p < 0.05$.

Other correlations exist between policies and programmes and empowerment with $r = 0.512$ and $p < 0.01$, policies and programmes and capacity development with $r = 0.549$ and $p < 0.01$, policies and programmes and valuing diversity with $r = 0.592$ and $p < 0.01$. The lowest correlation was between team orientation and valuing diversity with $r = 0.115$, which was not

Table A.7: Correlation analysis results of Involvement Culture and Diversity Management Strategies

		Empowerment	Team orientation	Capability development	Recruitment and outreach	Valuing diversity	Policies and programmes
Empowerment	Pearson Correlation	1					
	Sig. (2-tailed)						
Team orientation	Pearson Correlation	.515**	1				
	Sig. (2-tailed)	.002					
Capability development	Pearson Correlation	.342	.546**	1			
	Sig. (2-tailed)	.051	.001				
Recruitment and outreach	Pearson Correlation	.294	.485**	.618**	1		
	Sig. (2-tailed)	.096	.004	.000			
Valuing diversity	Pearson Correlation	.446**	.115	.427*	.374*	1	
	Sig. (2-tailed)	.009	.522	.013	.032		
Policies and programmes	Pearson Correlation	.433*	.265	.549**	.315	.592**	1
	Sig. (2-tailed)	.012	.136	.001	.074	.000	
** . Correlation is significant at the 0.01 level (2-tailed).							
* . Correlation is significant at the 0.05 level (2-tailed).							

Table A.7 shows that there exists a statistically significant relationship between capacity development and recruitment and outreach with $r = 0.618$ and $p < 0.01$. It was also noted that there is a correlation between empowerment and Team orientation with $r = 0.515$ and $p < 0.01$, team orientation and capability development with $r = 0.546$ and $p < 0.01$, team orientation and recruitment and outreach with $r = 0.485$ and $p < 0.01$ and valuing diversity and empowerment with $r = 0.446$ and $p < 0.05$.

Other positive correlations exist between, policies and programmes and empowerment with $r = 0.433$ and $p < 0.05$, policies and programmes and capability development with $r = 0.549$ and $p < 0.01$ and policies and programmes and valuing diversity with $r = 0.592$ and $p < 0.01$. The lowest correlation is between team orientation and valuing diversity with $r = 0.115$, which was not significant.

Table A 8: Correlations results of factors making up Quality of Decisions

		Empowerment	Team orientation	Capability development	Recruitment and outreach	Valuing diversity	Policies and programmes
Empowerment	Pearson Correlation	1					
	Sig. (2-tailed)						
Team orientation	Pearson Correlation	.515**	1				
	Sig. (2-tailed)	.002					
Capability development	Pearson Correlation	.342	.546**	1			
	Sig. (2-tailed)	.051	.001				
Recruitment and outreach	Pearson Correlation	.294	.485**	.618**	1		
	Sig. (2-tailed)	.096	.004	.000			
Valuing diversity	Pearson Correlation	.446**	.115	.427*	.374*	1	
	Sig. (2-tailed)	.009	.522	.013	.032		
Policies and programmes	Pearson Correlation	.433*	.265	.549**	.315	.592**	1
	Sig. (2-tailed)	.012	.136	.001	.074	.000	
** . Correlation is significant at the 0.01 level (2-tailed).							
* . Correlation is significant at the 0.05 level (2-tailed).							

Table A 8 above shows that there exists a statistically significant relationship between capacity development and recruitment and outreach with $r = 0.618$ at $p < 0.01$. It was also noted that there is a correlation between empowerment and Team orientation with $r = 0.515$ at $p < 0.01$, team orientation and capability development with $r = 0.546$ at $p < 0.01$, team orientation and recruitment and outreach with $r = 0.485$ at $p < 0.01$ and valuing diversity and empowerment with $r = 0.446$ at $p < 0.05$.

Other positive correlations exist between, policies and programmes and empowerment with $r = 0.433$ at $p < 0.05$, policies and programmes and capability development with $r = 0.549$ at $p < 0.01$ and policies and programmes and valuing diversity with $r = 0.592$ at $p < 0.01$. The lowest correlation is between team orientation and valuing diversity with $r = 0.115$, which was not significant.

Organization performance

The broad dependent variable in the study is organization performance which is modeled on the four main perspectives of a Balanced scorecard, namely financial, customer, internal business processes and learning and growth. The results on the analysis are below

Table A 9: Correlations results of factors making up OP

		Financial perspectives	Customer perspectives	Internal business process	Learning and growth
Financial perspectives	Pearson Correlation	1			
	Sig. (2-tailed)				
Customer perspectives	Pearson Correlation	.433*	1		
	Sig. (2-tailed)	.012			
Internal business process	Pearson Correlation	.323	.330	1	
	Sig. (2-tailed)	.066	.061		
Learning and growth	Pearson Correlation	.504**	.552**	.505**	1
	Sig. (2-tailed)	.003	.001	.003	
*. Correlation is significant at the 0.05 level (2-tailed).					
**. Correlation is significant at the 0.01 level (2-tailed).					

It was noted from Table A 9 that learning and growth has a significant relationship with the other factors of performance, namely, financial perspectives with $r = 0.504$ at $p < 0.01$, customer perspectives with $r = 0.552$ at $p < 0.01$ and finally, Internal business process with $r = 0.505$ at $p < 0.01$. There also exists a significant relationship between financial perspective and customer perspective with $r = .433$ at $p < .05$. The least relationship among the performance factors is between financial perspective and internal business processes with $r = .323$.

Customer perspective of performance is also highly correlated with financial performance meaning that a happy customer results to better financial performance for the bank. Interestingly, the internal business processes which is composed of automated business processes, turnaround time and creativity and innovation have no statistically significant correlation with the financial and customer perspective.

Table A 10: Correlations results of factors making up Organization Performance and Moderating Variables

Correlations		Customer	Internal business process	Learning and growth	Financial perspective	Empowerment	Team orientation	Capability development	Recruitment and outreach	Valuing diversity	Policies and programmes
Customer perspective	Pearson Correlation	1									
	Sig. (2-tailed)										
Internal business process	Pearson Correlation	.330	1								
	Sig. (2-tailed)	.061									
Learning and growth	Pearson Correlation	.552**	.505**	1							
	Sig. (2-tailed)	.001	.003								
Financial perspective	Pearson Correlation	.433*	.323	.504**	1						
	Sig. (2-tailed)	.012	.066	.003							
Empowerment	Pearson Correlation	.445**	.384*	.413*	.458**	1					
	Sig. (2-tailed)	.010	.027	.017	.007						
Team orientation	Pearson Correlation	.239	.634**	.342	.262	.515**	1				
	Sig. (2-tailed)	.181	.000	.052	.141	.002					
Capability development	Pearson Correlation	.153	.601**	.547**	.485**	.342	.546**	1			
	Sig. (2-tailed)	.397	.000	.001	.004	.051	.001				
Recruitment and outreach	Pearson Correlation	.104	.649**	.433*	.350*	.294	.485**	.618**	1		
	Sig. (2-tailed)	.563	.000	.012	.046	.096	.004	.000			
Valuing diversity	Pearson Correlation	.039	.413*	.325	.251	.446**	.115	.427*	.374*	1	
	Sig. (2-tailed)	.828	.017	.065	.158	.009	.522	.013	.032		
Policies and programmes	Pearson Correlation	.024	.527**	.346*	.216	.433*	.265	.549**	.315	.592**	1
	Sig. (2-tailed)	.894	.002	.048	.228	.012	.136	.001	.074	.000	

** . Correlation is significant at the 0.01 level (2-tailed).
 * . Correlation is significant at the 0.05 level (2-tailed).

As per the results of Table A 10 above, empowerment has a positive correlation with all the perspectives of performance namely, customer with $r = 0.445$ at $p < 0.01$, internal business with $r = 0.384$ at $p < 0.05$, learning and growth with $r = 0.413$ at $p < 0.05$ and financial with $r = 0.458$ at $p < 0.01$. The highest correlation is between Team orientation and internal business processes which is very significant with $r = 0.634$ at $p < 0.01$. Capability development also has a statistically significant relationship with three of the perspectives of performance namely, internal processes with $r = 0.601$ at $p < 0.01$, customer with $r = 0.547$ at $p < 0.01$ and financial with $r = 0.485$ at $p < 0.01$. Recruitment and outreach also has a significant relationship with three of the factors of performance, namely, internal processes with $r = 0.649$ and $p < 0.01$, customer perspective with $r = 0.433$ at $p < 0.05$ and financial perspective with $r = 0.350$ at $p < 0.05$.

	Financial Perspective	Internal Business Processes	Learning and Growth	Customer Perspective	t	sig.
Empowerment	0.458	0.384	0.413	0.445	9.589	.000
Team Orientation	0.350	0.634	0.384	0.445	11.007	.000
Capability Development	0.485	0.601	0.384	0.547	11.819	.000
Recruitment and Outreach	0.350	0.649	0.384	0.433	11.107	.000
Internal Business Processes	0.384	0.634	0.384	0.445	11.007	.000
Customer Perspective	0.445	0.547	0.413	0.445	11.007	.000
Financial Perspective	0.458	0.384	0.413	0.445	11.007	.000
Learning and Growth	0.413	0.384	0.413	0.445	11.007	.000

Table A 11: Regression Results for TMT Diversity on Organization Performance

Model Summary ^b								
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics			Durbin-Watson
					R Square Change	F Change	Sig. F Change	
1	.100 ^a	.010	-.025	4.87678	.010	.285	.598	1.990

a. Predictors: (Constant), TOP MANAGEMENT TEAM DIVERSITY

b. Dependent Variable: OVERALL ORGANIZATION PERFORMANCE

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	40.700	4.750		8.569	.000
	Gender Diversity	-7.498	7.444	-.206	-1.007	.325
	Age Diversity	-2.337	2.863	-.216	-.816	.423
	Tenure diversity in bank service	2.333	2.016	.300	1.157	.260
	Tenure diversity at top management	-2.716	2.657	-.260	-1.022	.318
	Academic diversity	-.180	2.339	-.017	-.077	.939
	Professional qualifications diversity	-5.504	7.456	-.184	-.738	.468
	Functional backgrounds diversity	7.188	7.368	.252	.976	.340

a. Dependent Variable: OVERALL ORGANIZATION PERFORMANCE

Table A.12: Regression Results of TMT Diversity Factors against Customer Perspective

Model Summary ^b								
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics			Durbin-Watson
					R Square Change	F Change	Sig. F Change	
1	.465 ^a	.217	-.033	1.58789	.217	.869	.546	1.745

a. Predictors: (Constant), Functional backgrounds diversity, Age Diversity, Gender Diversity, Academic diversity, Professional qualifications diversity, Tenure diversity at top management, Tenure diversity in bank service

b. Dependent Variable: Customer perspectives

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	11.616	1.516		7.661	.000
	Gender Diversity	-1.494	2.376	-.127	-.629	.536
	Age Diversity	-.344	.914	-.098	-.376	.710
	Tenure diversity in bank service	.525	.644	.208	.816	.423
	Tenure diversity at top management	-.689	.848	-.203	-.812	.426
	Academic diversity	-.669	.747	-.197	-.896	.380
	Professional qualifications diversity	-2.733	2.380	-.282	-1.148	.263
	Functional backgrounds diversity	4.453	2.352	.482	1.893	.072

a. Dependent Variable: Customer perspectives

Table A.13: Regression Results of TMT diversity factors on Financial Perspective of Performance

Model Summary ^b								
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics			Durbin-Watson
					R Square Change	F Change	Sig. F Change	
1	.433 ^a	.187	-.072	1.78955	.187	.723	.654	2.382

a. Predictors: (Constant), Functional backgrounds diversity, Age Diversity, Gender Diversity, Academic diversity, Professional qualifications diversity, Tenure diversity at top management, Tenure diversity in bank service

b. Dependent Variable: Financial perspectives

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	8.999	1.709		5.267	.000
	Gender Diversity	-2.711	2.678	-.208	-1.012	.322
	Age Diversity	-1.178	1.030	-.303	-1.144	.265
	Tenure diversity in bank service	.391	.725	.140	.539	.595
	Tenure diversity at top management	.657	.956	.175	.687	.499
	Academic diversity	-.675	.841	-.179	-.802	.431
	Professional qualifications diversity	-3.017	2.682	-.282	-1.125	.273
	Functional backgrounds diversity	2.659	2.650	.260	1.003	.327

a. Dependent Variable: Financial perspectives

Table A.14: Regression Results of TMT Diversity Factors against Internal Business Processes Perspective of Performance

Model Summary ^b								
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics			Durbin-Watson
					R Square Change	F Change	Sig. F Change	
1	.494 ^a	.244	.004	1.43935	.244	1.015	.448	2.085
a. Predictors: (Constant), Functional backgrounds diversity, Age Diversity, Gender Diversity, Academic diversity, Professional qualifications diversity, Tenure diversity at top management, Tenure diversity in bank service								
b. Dependent Variable: Internal business process								

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	7.276	1.374		5.294	.000
	Gender Diversity	-.800	2.154	-.074	-.371	.714
	Age Diversity	-.002	.828	-.001	-.003	.998
	Tenure diversity in bank service	.472	.583	.203	.810	.427
	Tenure diversity at top management	-1.393	.769	-.446	-1.813	.084
	Academic diversity	.258	.677	.082	.382	.706
	Professional qualifications diversity	2.986	2.157	.334	1.384	.180
	Functional backgrounds diversity	-1.201	2.132	-.141	-.563	.579
a. Dependent Variable: Internal business process						

Table A.15: Regression Results of TMT Diversity Factors against Learning and Growth Perspective of Performance

Model Summary ^b								
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics			Durbin-Watson
					R Change	Square F Change	Sig. F Change	
1	.588 ^a	.345	.137	1.48276	.345	1.657	.172	1.749

a. Predictors: (Constant), Functional backgrounds diversity, Age Diversity, Gender Diversity, Academic diversity, Professional qualifications diversity, Tenure diversity at top management, Tenure diversity in bank service

b. Dependent Variable: Learning and growth

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	12.810	1.416		9.048	.000
	Gender Diversity	-2.493	2.219	-.207	-1.124	.273
	Age Diversity	-.813	.853	-.226	-.952	.351
	Tenure diversity in bank service	.944	.601	.367	1.571	.130
	Tenure diversity at top management	-1.291	.792	-.373	-1.630	.117
	Academic diversity	.906	.697	.260	1.299	.207
	Professional qualifications diversity	-2.741	2.222	-.277	-1.233	.231
	Functional backgrounds diversity	1.277	2.196	.135	.581	.567

a. Dependent Variable: Learning and growth

Table A.16: Regression Results for TMT Diversity on Quality of Decision

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics			Durbin-Watson
					R Square Change	F Change	Sig. F Change	
1	.474 ^a	.225	-.022	1.376	.225	.911	.516	1.843

a. Predictors: (Constant), Functional backgrounds diversity, Age Diversity, Gender Diversity, Academic diversity, Professional qualifications diversity, Tenure diversity at top management, Tenure diversity in bank service

b. Dependent Variable: QUALITY OF DECISIONS

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	10.510	1.314		8.000	.000
	Gender Diversity	-.438	2.059	-.043	-.213	.834
	Age Diversity	-.383	.792	-.125	-.483	.634
	Tenure diversity in bank service	1.231	.558	.561	2.208	.038
	Tenure diversity at top management	-.778	.735	-.263	-1.058	.301
	Academic diversity	-.021	.647	-.007	-.033	.974
	Professional qualifications diversity	1.037	2.062	.123	.503	.620
	Functional backgrounds diversity	.743	2.038	.092	.364	.719

a. Dependent Variable: QUALITY OF DECISIONS

Table A.17: Regression Results of Quality of Decisions on Overall Organization Performance

Model Summary ^b								
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics			Durbin-Watson
					R Square Change	F Change	Sig. F Change	
1	.542 ^a	.293	.271	4.21101	.293	12.877	.001	1.920
a. Predictors: (Constant), QUALITY OF DECISIONS								
b. Dependent Variable: OVERALL ORGANIZATION PERFORMANCE								

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	14.894	6.547		2.275	.030
	QUALITY OF DECISIONS	2.015	.562	.542	3.589	.001
a. Dependent Variable: OVERALL ORGANIZATION PERFORMANCE						

Table A.18 Regression Results of Quality of Decisions on Financial Performance

Model Summary								
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics			Durbin-Watson
					R Square Change	F Change	Sig. F Change	
1	.367 ^a	.135	.045	1.63761	.135	1.505	.234	1.974
a. Predictors: (Constant), Final decision and decision integrating, Generating alternatives to solve problems, Determining the cause of a major problems								
b. Dependent Variable: Financial perspectives								

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.530	2.645		2.091	.045
	Determining the cause of a major problems	.573	.295	.424	1.940	.062
	Generating alternatives to solve problems	.035	.200	.035	.176	.861
	Final decision and decision integration	-.154	.178	-.185	-.863	.395
a. Dependent Variable: Financial perspectives						

Table A.19: Regression Results of Quality of Decisions on Customer Perspective

Model Summary								
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics			Durbin-Watson
					R Square Change	F Change	Sig. F Change	
1	.301 ^a	.091	-.004	1.68228	.091	.962	.424	1.533
a. Predictors: (Constant), Final decision and decision integrating, Generating alternatives to solve problems, Determining the cause of a major problems								
b. Dependent Variable: Customer perspectives								

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	7.410	2.717		2.727	.011
	Determining the cause of a major problems	.118	.303	.087	.389	.700
	Generating alternatives to solve problems	.165	.205	.163	.805	.427
	Final decision and decision integrating	.102	.183	.122	.555	.583
a. Dependent Variable: Customer perspectives						

Table A.20: Regression results of Quality of Decisions on Internal Business Processes Perspective

Model Summary								
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics			Durbin-Watson
					R Square Change	F Change	Sig. F Change	
1	.725 ^a	.526	.477	.99837	.526	10.723	.000	1.819

a. Predictors: (Constant), Final decision and decision integrating, Generating alternatives to solve problems, Determining the cause of a major problems
b. Dependent Variable: Internal business process

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.727	1.612		.451	.655
	Determining the cause of a major problems	.583	.180	.524	3.238	.003
	Generating alternatives to solve problems	.305	.122	.368	2.508	.018
	Final decision and decision integration	-.047	.109	-.069	-.437	.666

a. Dependent Variable: Internal business process

Table A.21: Regression Results of Quality of Decisions on Learning and Growth Perspective

Model Summary								
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics			Durbin-Watson
					R Square Change	F Change	Sig. F Change	
1	.638 ^a	.407	.345	1.37923	.407	6.624	.002	2.374

a. Predictors: (Constant), Final decision and decision integrating, Generating alternatives to solve problems, Determining the cause of a major problems
b. Dependent Variable: Learning and growth

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.249	2.228		1.907	.066
	Determining the cause of a major problems	.733	.249	.534	2.945	.006
	Generating alternatives to solve problems	.018	.168	.018	.108	.915
	Final decision and decision integrating	.125	.150	.148	.831	.413

a. Dependent Variable: Learning and growth

Table A 22: Hierarchical regression results for the moderating effect of Involvement Culture on the relationship between TMT Diversity and Quality of Decisions

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics			Durbin-Watson
					R Square Change	F Change	Sig. F Change	
1	.174 ^a	.030	-.004	1.364	.030	.872	.358	
2	.492 ^b	.242	.186	1.228	.212	7.564	.010	1.665
a. Predictors: (Constant), TOP MANAGEMENT TEAM DIVERSITY								
b. Predictors: (Constant), TOP MANAGEMENT TEAM DIVERSITY X INVOLVEMENT CULTURE								
c. Dependent Variable: QUALITY OF DECISIONS								

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	10.877	.836		13.012	.000
	TOP MANAGEMENT TEAM DIVERSITY	.155	.166	.174	.934	.358
2	(Constant)	4.992	2.268		2.201	.037
	TOP MANAGEMENT TEAM DIVERSITY	.060	.154	.067	.390	.699
	INVOLVEMENT CULTURE	.507	.184	.473	2.750	.010
a. Dependent Variable: QUALITY OF DECISIONS						

Table A 23: Hierarchical regression results for the moderating effect of diversity Management Strategies on the relationship between TMT Diversity and Quality of Decisions

Model Summary ^d										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.174 ^a	.030	-.004	1.364	.030	.872	1	28	.358	
2	.595 ^b	.354	.306	1.134	.324	13.531	1	27	.001	1.696

a. Predictors: (Constant), TOP MANAGEMENT TEAM DIVERSITY

b. Predictors: (Constant), TOP MANAGEMENT TEAM DIVERSITY X DIVERSITY MANAGEMENT STRATEGIES

c. Dependent Variable: QUALITY OF DECISIONS

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	10.877	.836		13.012	.000
	TOP MANAGEMENT TEAM DIVERSITY	.155	.166	.174	.934	.358
2	(Constant)	4.103	1.968		2.084	.047
	TOP MANAGEMENT TEAM DIVERSITY	.067	.140	.074	.474	.639
	TMTD X DMS	.882	.240	.578	3.678	.001

a. Dependent Variable: QUALITY OF DECISIONS

Table A. 24 : Hierarchical regression results for the moderating effect of Involvement Culture on the relationship between TMT Diversity and Organization Performance

Model Summary ^d										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.100 ^a	.010	-.025	4.87678	.010	.285	1	28	.598	
2	.748 ^b	.559	.527	3.31398	.549	33.635	1	27	.000	2.028
a. Predictors: (Constant), TOP MANAGEMENT TEAM DIVERSITY										
b. Predictors: (Constant), TOP MANAGEMENT TEAM DIVERSITY X INVOLVEMENT CULTURE										
c. Dependent Variable: OVERALL ORGANIZATION PERFORMANCE										

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	39.623	2.989		13.257	.000
	TOP MANAGEMENT TEAM DIVERSITY	-.317	.594	-.100	-.534	.598
2	(Constant)	6.122	6.123		1.000	.326
	TOP MANAGEMENT TEAM DIVERSITY	-.860	.415	-.272	-2.074	.048
	TMTD X INVOLVEMENT CULTURE	2.883	.497	.761	5.800	.000
a. Dependent Variable: OVERALL ORGANIZATION PERFORMANCE						

Table A. 25 : Hierarchical regression results for the moderating effect of Diversity Management Strategies on the relationship between DMT Diversity and Organization Performance

Model Summary ^d										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.100 ^a	.010	-.025	4.87678	.010	.285	1	28	.598	
2	.665 ^b	.442	.401	3.72785	.432	20.919	1	27	.000	1.819
a. Predictors: (Constant), TOP MANAGEMENT TEAM DIVERSITY										
b. Predictors: (Constant), TOP MANAGEMENT TEAM DIVERSITY X DIVERSITY MANAGEMENT STRATEGIES										
c. Dependent Variable: OVERALL ORGANIZATION PERFORMANCE										

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	39.623	2.989		13.257	.000
	TOP MANAGEMENT TEAM DIVERSITY	-.317	.594	-.100	-.534	.598
2	(Constant)	11.926	6.472		1.843	.076
	TOP MANAGEMENT TEAM DIVERSITY	-.680	.461	-.215	-1.474	.152
	TMTD X DMS	3.605	.788	.667	4.574	.000
a. Dependent Variable: OVERALL ORGANIZATION PERFORMANCE						

Table A 26: Hierarchical regression results for the intervening effect of quality of Decisions on the relationship between TMT Diversity and Organization Performance

Model Summary ^c										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.100 ^a	.010	-.025	4.87678	.010	.285	1	28	.598	
2	.565 ^b	.319	.269	4.11791	.309	12.271	1	27	.002	1.953
a. Predictors: (Constant), TOP MANAGEMENT TEAM DIVERSITY										
b. Predictors: (Constant), TOP MANAGEMENT TEAM DIVERSITY, QUALITY OF DECISIONS										
c. Dependent Variable: OVERALL ORGANIZATION PERFORMANCE										

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	39.623	2.989		13.257	.000
	TOP MANAGEMENT TEAM DIVERSITY	-.317	.594	-.100	-.534	.598
2	(Constant)	17.885	6.699		2.670	.013
	TOP MANAGEMENT TEAM DIVERSITY	-.627	.510	-.199	-1.231	.229
	QUALITY OF DECISIONS	1.999	.571	.565	3.503	.002
a. Dependent Variable: OVERALL ORGANIZATION PERFORMANCE						

4	1	2	2	4	4	2	2	1	2	7	4	1	8	1	1	4	1	3	5	0	9	6	3	1	6	6	6	0	2	6	1	2	5	4	27	1	5	2	9	1	4	5	
5	6		0	2	3	7	3	0		7	9	5		8	0	4	5				5	4			6	6				2	2	0	6	5		27	4	5	2	9	9	3	5

There were 169 individuals for the ten positions common to most banks that were reporting directly to the MD/CEO. One hundred and twenty four or 73 per cent were male and 45 or 27 per cent were female. Of these positions reporting directly to the CEO, Finance had the highest at 27 followed by Human Resources at 26 and Operations at 25. The position with least number is Treasury at 9 out of the 32 banks captured in the survey.