PERCEPTION BY MANAGERS OF THE INFLUENCE OF WORKFORCE DIVERSITY ON STRATEGY IMPLEMENTATION AMONG MANUFACTURING FIRMS LISTED AT THE NAIROBI SECURITIES EXCHANGE

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DECLARATION

This research project is my original work and has not been presented for the award of any degree in any other university or institution for any other purpose.

Signature ........................................... Date ..................................

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This research project has been submitted for examination with my approval as University supervisor

Signature ........................................... Date ..................................

Prof. Peter K'Obonyo
DEDICATION

I dedicate this work to my husband Charles who has been with me throughout this journey and has continuously encouraged me to completing my Master of Business administration program and to my daughter Nailah who in some way has had her play time with me disrupted during this journey.
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ABSTRACT

The development and implementation of strategies by an organization to chart the future path is an important step taken by managers in the achievement of a firm’s competitiveness in a competitive environment. However, many firms develop excellent strategies to counter and adapt to the environmental challenges but suffer a weakness in the implementation of the same strategies. The policies formulated to manage diversity aim to implement initiatives, activities, and practices that recognize, promote, or encourage the differences between groups or people. These elements are seen as positive values that warrant development to achieve social integration, which can also boost the productivity of the company and support the democratization of access to opportunities.

The objective of the study was to determine the managers perceptions of the influence of workforce diversity on strategy implementation among manufacturing firms listed at Nairobi securities exchange. The study adopted cross sectional survey design. The study used primary data which were collected through self-administered semi-structured questionnaires. The data was presented using mean scores, standard deviations, percentages and frequency distribution tables. The results were presented in tables and pie chart.

The study found out that workforce diversity leads to improved decision making, enhanced implementation of customer related strategies, results in the achievement of strategic targets, enhanced creativity and innovation, increased capacity to complete projects and increased efficiency of workgroups in achieving organizations strategic objectives. The implementation of the strategies was supported by the initiatives which were taken into consideration by the companies and these initiatives included diversity management that helps create a work environment in which all employees can achieve their personal goals in line with the overall business objectives, has policies formulated to manage diversity and to implement initiatives, activities, and practices that recognize, promote, or encourage the differences between groups or people, values the differences that stimulate better relationships between employees and encourage the acceptance and understanding of diversity, the companies have made diversity management a structured process to obtain competitive advantages through a diverse group of employees.
CHAPTER ONE
INTRODUCTION

1.1 Background to the Study

The primary dimensions of diversity are race, gender, physical abilities, fitness, ethnicity, and religious orientation. Diversity management therefore includes acceptance, respect and acknowledging that individuals are unique and different from each other. Thus, diversity management is often considered to include hands-on management practices that seek to include minorities, who have been marginalized historically in terms of the workplace variables. This diversity management process often requires human resources actions (Jabbour and Santos, 2008). An organization's strategy is concerned with the determination of the basic long-term goals and objectives of an enterprise, adoption of courses of action and the allocation of resources necessary for carrying out those goals. Gole (2005) proposes that strategic management is a process, directed by top management to determine the fundamental aims or goals of the organization, and ensure a range of decisions which will allow for the achievement of those aims or goals in the long-term, while providing for adaptive responses in the short-term.

Kenya manufacturing sector is the fourth biggest sector after agriculture, transport and communication, and wholesale and retail trade. The sector, which is dominated by subsidiaries of multi-national corporations, contributes approximately 21% of the Gross Domestic Product (GDP) in 2011 (KNBS, 2011). Improved power supply, increased supply of agricultural products for agro processing, favorable tax reforms and tax incentives, more vigorous export promotion and liberal trade incentives to take advantage of the expanded market outlets through AGOA, COMESA and East African Community (EAC) arrangements, have all resulted in a modest expansion in the sector of 2.9 per cent in 2011 as compared to 2.1% in 2008.

1.1.1 Concept of Perception

Perception is the process of organizing, interpreting and integrating external stimuli received through the senses. It is the mutual process involved in identifying and subjectively interpreting objects, concepts, behaviour and the attainment of awareness, insight and understanding (Cole,
The concept of perception appears to mean an instantaneous cognitive process that receives, processes and interprets (either rightfully or wrongly) the host of external stimuli that impinge on our daily lives. It is important for an employee to understand that what is perceived may be different from the reality and from the world as it is perceived is what is important. In perception, events, objects and people are received in the perceptual field through the sensory mechanism of sight, hearing, smell and taste. The inputs are then selected, organized and interpreted through perceptual mechanism to give meaning to the perceiver (Dash et al., 2008).

The perception process is subjective, judgmental and easy distorted. For example when presented with incomplete stimuli, a perceiver will fill in the missing information or when overloaded with information, perception simplification is done to make the information more understandable. The interpretation process is also subject to several factors in organization and social setting the most common being halo effect where a single favourable trait biases perception on other stimuli, stereotyping which is the tendency to judge people, impression and interference where judgement is done on the basis of the action. Several variables have been identified that influences employee perception. This includes the level of feedback to employees, level of autonomy, employee participation and perception of supervisory support. Feedback to employees refers to the degree to which employees receive information that reveals how well they are performing on the job (Sims et al., 1999). Feedback provides employees with an understanding of how well they are doing and to what extent they are able to receive information on their job performance from their supervisors. The extent and depth of this two-way flow of information should provide a solid basis for trusting management and create perceptions of supervisory support for improvement.

**1.1.2 Workforce Diversity**

The policies formulated to manage diversity aim to implement initiatives, activities, and practices that recognize, promote, or encourage the differences between groups or people. These elements are seen as positive values that warrant development to achieve social integration, which can also boost the productivity of the company and support the democratization of access to opportunities (Myer, 2003).
According to Klein and Harrison (2007, pg. 27) “groups rich in diversity of knowledge, heuristics, and perspectives have more tools, more insights, and more estimates with which to tackle the problems assigned to them than do homogeneous groups”. The benefits of diversity management range from improved decision-making, reductions in costs associated with turnover and lawsuits, increased productivity, quality improvements, enhanced creativity and innovation, and being better able to meet the needs of diverse customers.

1.1.3 Strategy Implementation

The strategy implementation process is identified by Sabatier and Weible (2007), as a process being undertaken through a systematic approach and provides a link between strategic consensus and success. The development and implementation of strategies by an organisation to chart the future path has been considered to be an important step taken by managers in the achievement of a firm’s competitiveness in a competitive environment. However, many firms develop excellent strategies to counter and adapt to the environmental challenges but suffer a weakness in the implementation of the same strategies. Strategy implementation focuses on the distinct relationship between implementation and other various organizational elements. The three core areas of corporate strategy as outlined by Gole (2005) encompasses: strategy analysis, strategy development and strategy implementation. Hence the concept of strategy embraces the overall purpose of an organization.

Strategy Implementation is one of the important components of the strategic planning process. Chandler (1962) defined strategy as the determination of the basic long term goals and objectives of an enterprise and the adoption of action and the allocation of resources necessary for carrying out these goals. This means that strategy is about managing new opportunities. The strategy that is chosen should be one that optimizes the resources available in order to achieve organizational goals and objectives. Strategy implementation has been defined as “the process that turns implementation strategies and plans into actions to accomplish objectives” (Pride and Ferrell 2003, p.45). It addresses who, where, when, and how to carry out strategic implementation process successfully (Kotler et al. 2001).
1.1.4 The Nairobi Securities Exchange

The origin of Nairobi Security Exchange (NSE) can be traced back to 1954, when it was constituted as a voluntary association of stockbrokers registered under the Societies Act. Africans and Asians were not permitted to trade securities at the NSE during this time. Business was conducted by resident Europeans only until 1963 when Kenya attained independence from Britain. The NSE was established to meet a number of objectives among them: to provide an alternative method of raising capital to small, medium sized and young companies that find it difficult to meet the more stringent listing requirements of the Main Investment Segment Market (MIMS), facilitate the liquidity of companies with a large shareholder base through ‘introduction’, that is, listing of existing shares for marketability and not for raising capital and also offer investment opportunities to institutional investors and individuals who want to diversify their portfolios and to have access to sectors of the economy that are experiencing growth.

A number of major steps can be identified to have been undertaken by the institution to modernize its operations to measure to other developed stock exchanges in Africa and the Europe. In 1966, the NSE began measuring daily trading activity by computing the NSE Index. The index measured daily average price changes in 17 companies that were considered the most active stocks in the market. This was computed as a weighted average of price changes in the selected stocks and 1966 was used as the base year and set at 100 points (Kimura and Amoro, 2004). The 1970s saw about 20 more companies listed on the NSE. This was the largest number of companies listed in a span of about a decade. In 1984, the Government of Kenya through the Central Bank of Kenya in conjunction with the International Finance Corporation (IFC) conducted a study dubbed “Development of Money and Capital Markets in Kenya”. This study became a blue print for structural reforms in Kenya’s financial markets and culminated in the establishment of the Capital Markets Authority (CMA) in 1989 as a regulatory body that would enable the development of Kenya’s capital markets and the creation of a conducive environment for economic growth.
In 1991 NSE was registered under the Companies Act and also adopted a 20-share index and changed the computational method of the index to a geometric mean. In 2000, Kenya, Uganda and Tanzania signed the Joint Stock Exchange Taskforce report on cross border listing. Subsequently, the East African Breweries Ltd. and the Kenya Airways proceeded to cross list at the Kampala and Dar-as-Salaam Stock Exchanges. In 2001, NSE was categorized into three market segments namely, the Main Investment Market Segment (MIMS), Alternative Investment Market Segment (AIMS) and Fixed Income Securities Market Segment (FISMS). The first rights issue under the AIMS was implemented in February 2001. In 2002, an agreement was reached for the establishment of the Central Depository and Settlement Corporation (CDSC). The CDSC is the legal entity that owns the automated clearing, settlement, depository and registry system (CDS). All these changes in the management and operation of the NSE have been geared towards adapting the institution to meeting the changing demands of the financial market. In keeping with the trends all over the world and the changing demands of its services, the bourse changed its name to Nairobi Security Exchange in 2011.

1.1.5 Manufacturing Firms at Nairobi Stock Exchange

Although initially developed under the import substitution policy, Kenya’s manufacturing sector is now export based in line with the country’s policy of emerging as a mid-sized economy in the year 2030. The sector is loosely classified into 12 sub-categories based on the raw materials the companies imports and or the products they manufacture. The individual firm members are organized under the membership of Kenya Association of Manufacturers (KAM) to give them a platform for negotiating common position with the relevant government authorities.

Challenges facing the sector include shrinking demands for locally manufactured goods due rising poverty levels and reduced exports resulting from general economic slump after the recent global recession. In addition, the high cost of inputs resulting from poor infrastructure has led to high prices for final products leading to underutilization of capacity. The erratic and high cost of energy has also had a negative impact. Other challenges include security issues, arbitrary charges levied by regulatory and local authorities and high cost of securing financial facilities from the banks. However opportunity for growth exists with the rollout of common tariff under
the newly integrated EAC custom union, because Kenya’s manufacturing sector is the largest in
the region.

1.2 Research Problem

A diverse workforce is necessary in an organization as it helps create a work environment in
which all employees can achieve their personal goals in line with the overall business. The
importance of a diversified workforce is more reinforced in an operating environment in which
implementation of an organizations strategies requires a multi pronged approach. Implementation of strategies in the present day business faces various challenges ranging from
technological, cultural, organizational structure and attitude of management. In such a
challenging environment, it is important that an organization adopts a workforce in which it
looks at the challenges in a different perspective and this can more effectively be overcome if the
workforce is diversified with different skills and backgrounds. The workforce in the Kenyan
manufacturing industries employs diverse employees and therefore there is an influence on how
the companies operate as they have to factor in the diversity of all its employees. Strategies
which are implemented within an organization should support the culture associated with the
firm. The proposed strategy should preserve, emphasize, and enhance the culture, in accordance
with the culture supporting the proposed strategy. Conflict management also plays an integral
role within the implementation process. According to David (2003), the human element of
strategic implementation plays a key role in successful implementation and involves both
managers and employees of the organization.

The Kenyan manufacturing sector is considered as one of the key segments of the economy.
According to the Kenya association of manufacturers (KAM, 2011), the manufacturing sector
employs more than 2.5 million employees. In addition, the Kenyan vision 2030 blue print, one of
the key pillars of the attainment of the objectives of the strategy is the need for the
manufacturing sector to grow at the rate of 8% over a period of 20 years. This can only be
achieved if these manufacturing firms are able to grow and this growth will be realized if the
firms are able to achieve their strategic objectives. One of the ways in which the anticipated
growth can be realized is through internationalization of businesses and this will be better
achieved if there exists diversity in the company’s workforce. Currently, Kenyan manufacturing
firms are facing challenges of penetrating the greater East African market and beyond. To achieve such objectives it is important for an organization to employ for example persons of different backgrounds in both geographically, racially, age wise and gender.

Several studies have been undertaken locally on workforce diversity: Mutuku (2003) did a study on manager’s attitudes and response to work force diversity in the telecommunications sector in Nairobi and found that most managers have positive attitudes towards diverse groups, especially the disabled and those suffering from HIV/AIDS; managers understand the benefits of a diverse workforce; and major efforts have been made by the organizations under study to manage diversity. Oluoch (2006) did a research on diversity management practices of commercial banks in Kenya and found that there is no single way of treating employees, as each one will have their own personal needs, values and beliefs; she concluded that the notion of best practice, while helpful in a theoretical setting, will not provide all the answers in reality. It recognized that in diversity management, people from different backgrounds can bring fresh ideas and perceptions, which can make the way work is done more efficient and make products and services better. Managing diversity successfully will help organizations to nurture creativity and innovation and thereby tap hidden capacity for growth and improved competitiveness. Ultimately organizations should aim at making managing diversity a mainstream issue, owned by everyone so that it influences all employment policies and working practices. For workforce diversity to have a positive impact on the organization, people must be willing and able to talk to each other and listen to each other, and respect different views and ideas.

The researcher did not find any study linking strategy implementation to workforce diversity. Based on this, the researcher has identified a gap and as such this leads to the research question, What is the perception by managers on the influence of workforce diversity on strategy implementation among manufacturing firms listed at Nairobi securities exchange?
1.3 Research Objective

The objective of this study is to determine the perception by managers on the influence of workforce diversity on strategy implementation among manufacturing firms listed at Nairobi securities exchange.

1.4 Value of The Study

For academicians, this study will form the foundation upon which other related and replicated studies can be based on. Investors can also gain an insight on the business and its strategic position within the environment, which can assist them in determining their viability of their investments. Scholars will find it important as the study will increase the body of knowledge in this area. It will provide the management of the manufacturing firms a starting point for better understanding of workforce diversity on organizational strategy. In addition, the study will be an invaluable source of material and information to the many organizations operating within and without the country, especially the developing countries, on how to successfully implement their strategies.

Manufacturing firms plays an important role in supplementing government efforts in provision of support or development projects in the country. As such, successful implementation of their strategies will go a long way in economic, social and political development in the country. The government and regulators in the manufacturing sector will also find invaluable information in how good strategy implementation can be achieved and as a result put in place policies that will guide and encourage other organization within and without the sector in implementing their strategies.
CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This chapter presents information from publications on topics related to the research problem. It examines what various scholars and authors have said about workforce diversity and its perceived influence on strategy implementation of an organization. The chapter covers the concept of perception, concept of strategy, strategy implementation and the role of employee diversity in the strategy implementation process of an organization.

2.2 Concept of Perception

The concept of perception appears to mean an instantaneous cognitive process that receives, processes and interprets (either rightfully or wrongy) the host of external stimuli that impinge on our daily lives. It involves the process of interpreting and integrating external effect received through the senses. It is the mutual process involved in identifying and subjectively interpreting objects, concepts, behaviour and the attainment of awareness, insight and understanding (Cole, 2005). In the perception process, events, objects and people are received in the perceptual field through the sensory mechanism of sight, hearing, smell and taste. The inputs are then selected, organized and interpreted through perceptual mechanism to give meaning to the perceiver.

Cognitive affective theory suggests employee’s behaviors and attitudes are influenced by the interaction between enduring individual differences, such as personality, and employees’ perceptions of a situation. In particular, cognitive affective theory proposes employees’ personalities will determine the emphasis individuals place on certain attributes of their work environments when forming job attitudes. Based on this perspective, employees’ reactions to fairness and reward imbalance in their work environment will vary based on their personality traits. Dash et al. (2008) report that the factors of recognition for performing well, chances of promotion, professional growth, compensation and incentive schemes, and rewards and gifts are perceived as motivating factors by organizational employees. Drucker (1988) on his part regarded the development of systems of rewards, recognition and career opportunities as one of several critical tasks of management in the information-based companies. He named respectful
treatment and recognition as one of the six less costly and perhaps more effective management levers’ to be exercised by management in their efforts to attract, motivate and retain workers.

Recognizing contributions will result in a world class working environment that motivates and propels people to work better and stay on Ramakrishna (2002). He suggests that the implementation of golden banana concept i.e. immediate reward schemes is one of the parameters in the direction of reducing employee attrition and further stresses that the lack of recognition is one of the serious demotivators for the employees. Tripathy (2006) suggests that strategies like building a high degree of recognition value into every reward offered, reducing entitlements and linking as many rewards as possible to performance, troubleshooting the reward system to make sure that what it is rewarding is what you really want to happen, rewarding promptly, giving employees a choice of rewards, increasing the longevity of rewards will motivate the employees. Srikanth and Ramamirtham (2008) suggest that the recognition of innovations will ultimately reduce attritions and as such establishing correct expectations during interview along with rewards and recognition can check attrition.

The relationship between an employee behaviour and firm performance are theorized to be moderated by situational variables which includes the characteristics of the task, environment, and subordinates. Sanda (2011) argued that desirable workplace transformations will require that all persons associated with a transformation organization are clearly informed and their understanding on the nature of the expected changes and the relationship between leadership and change also sought. Otherwise, any progress in such transformation will encounter unlimited constraints and may even regress. Even though considerable effort might be expended on such transformation, the result will be very little with the desired future success becoming elusive. This means that the characteristics of employees can influence the effectiveness of directive leadership behaviours.

Individuals have implicit beliefs, convictions, and assumptions concerning attributes and behaviours that distinguish leaders from followers, effective employees from ineffective employees, and moral employees from evil employees (House and Javidan, 2004). They
explained that such beliefs, convictions and assumptions characterize the individual’s implicit theories of perception. This theory proposes that perception qualities are attributed to individuals, and those individuals are accepted as for example leaders on the basis of the degree of congruence between the leader behaviours they exhibit and the implicit leadership theory held by the attributers.

2.3 Concept of Strategy and Implementation

Strategy formulation is concerned with determining where the organization is, where it wants to go and how to get there. It involves carrying out situation analysis that leads to setting of objectives (Pearce and Robinson, 2007). Vision and mission statements are crafted and overall corporate objectives, strategic business unit objectives and tactical objectives are also developed. Strategy implementation is the process of allocating resources to support an organization’s chosen strategies. This process includes the various management activities that are necessary to put strategy in motion and institute strategic controls that monitor progress and ultimately achieve organizational goals. Strategy evaluation includes review of external and internal factors that are bases for strategies formulated, measuring performance and taking corrective action, if necessary. This is important as all strategies are subject to future modification depending on environmental turbulence (Robbins and Coulter (1996). Many successful companies are those that plan. Therefore, organizations use strategy as a means of dealing with uncertainty (Zyen, 2009). On the other hand, McNamara, (2009) indicates that strategic planning determines where an organization is going over the next year or more and how it is going to get there. According to his theory, the process of strategic planning is organization-wide, or focused on a major function such as a division, department or other major function. Planning typically includes several major activities in the process.

Pride and Ferrell (2003) define strategy implementation as “the process of putting strategies into action”. According to David (2003), both managers and employees should be involved in the implementation decision and adequate communication between all parties is important for successful implementation. Elements that require consideration during the implementation
process include annual objectives, policies, resource allocation, management of conflict, organization structure, managing resistance to change, and organizational culture (David 2003). In developing policies during the implementation process, methods, procedures, rules, forms, and administrative practices are established.

There are some commonly used models and frameworks such as SWOT, industry structure analysis and generic strategies for researchers and practicing managers, in the areas of strategy formulation and analysis in strategic management. By contrast, there is no agreed-upon and dominant framework in strategy implementation. Concerning this, Alexander (1991) has stated that: One key reason why implementation fails is that practicing executives, managers and supervisors do not have practical, yet theoretically sound, models to guide their actions during implementation. Without adequate models, they try to implement strategies without a good understanding of the multiple factors that must be addressed, often simultaneously, to make implementation work.

There is a significant need for detailed and comprehensive conceptual models related to strategy implementation (Noble, 1999). To date, implementation research has been fairly fragmented due to a lack of clear models on which to build. He argues that if a firm’s strategy is implemented well, several benefits will be derived by an organization. These benefits include; Proper utilization of both financial and human resources and thus enhance organizational growth, development of efficient systems that will enhance coordination that would guarantee achievement of organizations goal and set targets, increased organizational impact due to improved organizational performance and also enable the organization have a clear focus and direction in its growth path and in the process attract competent and resourceful human resource base.

Successful strategy implementation requires strong leadership that enables allocation of resources, business process and policies that support the strategy. According to Atreya (2007), internal leadership is needed to drive strategy implementation process towards the right direction. What makes it even tougher to implement strategy is the varied range of activities that need to be performed and the varied skills needed to perform them. Just because the management has decided on strategy does not mean that subordinates will follow and cooperate in its implementation. A number of issues are involved including vested interest; office politics,
existing attitudes and ingrained practices all of which play a major role in strategy implementation (Atreya, 2007).

Organizations seem to have difficulties in implementing their strategies, however. Researchers have revealed a number of problems in strategy implementation. The reasons for this are varied, but most hinge on the fact that strategy implementation is resource intensive and challenging (Gurowitz, 2007). None the less strategic planning remains a top priority among successful private universities based on the fundamental notion that an effective strategy offers unique opportunities for market differentiation and long-term competitive advantage.

2.4 Management of Workforce Diversity

Management of Workforce Diversity includes acceptance and respect, acknowledging that individuals are unique and different from each other (Lumadi, 2008). This is often considered to include hands-on management practices that seek to include minorities, who have been marginalized historically in terms of the workplace variables. As a result, diversity management process often requires human resources actions, as proposed by. The policies formulated to manage diversity aim to implement initiatives, activities, and practices that recognize, promote, or encourage the differences between groups or people. These elements are seen as positive values that warrant development to achieve social integration, which can also boost the productivity of the company and support the democratization of access to opportunities (Myers, 2003).

Diversity Management is a necessary managerial tool or process that helps create a work environment in which all employees can achieve their personal goals in line with the overall business objectives (Fleury (2009). As a result, he points out that many firms (in particular in the Anglo Saxon world) including IBM, JP Morgan, American Express, and Bank of America have developed diversity management policies, initiatives and programs. These are implemented and monitored by newly created functions such as diversity management committees or positions such as VPs or Directors of Diversity, and communicated internally and externally through a wide range of channels such as intranets, corporate web sites, and the media.
In an organization, initiatives that encourage diversity are often undertaken. Thomas (2000) indicated that these initiatives involving diversity include valuing the differences that stimulate better relationships between employees and encouraging the acceptance and understanding of diversity; meeting affirmative action policies by social pressure; and making diversity management a structured process to obtain competitive advantages through a diverse group of employees. Hence, the organization has to change its central cultural values and concentrate its efforts on effective diversity management practices. Upon an organization developing such strategies that combines the three steps, O’Mara (1994) posits that such combinations may lead to successful outcomes resulting from the development of diversity management practices as a structured process that can provide competitive advantages. Further, he notes that such action will lead to the addition of competitive advantages by recruiting and retaining talent; improvements in productivity, quality, work group efficiency, creativity, and satisfaction to improve organization climate; improvement in customer services; and reduction in the level of discrimination and harassment present in the company.

2.5 The Link Between Workforce Diversity and Strategy Implementation

The policies formulated to manage diversity aim to implement initiatives, activities, and practices that recognize, promote, or encourage the differences between groups or people. These elements are seen as positive values that warrant development to achieve social integration, which can also boost the productivity of the company and support the democratization of access to opportunities (Myers, 2003). In order to make workforce diversity realize the goal of helping the organization achieve its strategy implementation, an organization however should implement a number of initiatives involving diversity including: valuing the differences that stimulate better relationships between employees and encouraging the acceptance and understanding of diversity; meeting affirmative action policies by social pressure; and making diversity management a structured process to obtain competitive advantages through a diverse group of employees (Thomas, 2000). Hence, the organization has to change its central cultural values and concentrate its efforts on effective diversity management practices.

Effective programmes on diversity management may lead to successful outcomes resulting from the development of diversity management practices as a structured process that can provide
competitive advantages. According to O’Mara (2004), such actions can also benefit the organization the addition of competitive advantages by recruiting and retaining talent; improvements in productivity, quality, work group efficiency, creativity, and satisfaction to improve organization climate; improvement in customer services; and reduction in the level of discrimination and harassment present in the company.

The benefits of workforce diversity range from improved decision-making, reductions in costs associated with turnover and lawsuits, increased productivity, quality improvements, enhanced creativity and innovation, and being better able to meet the needs of diverse customers (Kossek et al., 2006). According to Klein and Harrison (2007, p.27) “groups rich in diversity of knowledge, heuristics, and perspectives have more tools, more insights, and more estimates with which to tackle the problems assigned to them than do homogeneous groups have an added advantage such that realization of organization objective will be better realized”. On his part, Seymen’s (2006) while exploring on the approaches to effectively manage cultural diversity within organizations, he identified benefits such as better communication and greater group harmony.
CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction
The chapter describes the proposed research design, the target population, data collection instruments and procedures, and the techniques for data analysis.

3.2 Research Design
A cross-sectional survey design will be adopted. This will involve observation of a sample population, at one specific point in time. Cross-sectional studies are descriptive studies. According to Cooper and Schindler (2000), a descriptive research design is concerned with finding out; who, what, where, when and how much. This method administered through a questionnaire will provide quantitative data from cross section of the chosen population.

The design is deemed appropriate because the main interest in this study is to collect data from a cross section of manufacturing firms at one point in time. Descriptive research design is a scientific method which involves observing and describing the behavior of a subject without influencing it in any way. This design provided further insight into research problem by describing the variables of interest.

3.3 Target Population
The population of interest for this research will be made up of seventeen manufacturing firms listed at the Nairobi Security Exchange as at 30th June 2012. The criteria for selection is based on the fact that the performance of the companies quoted at the securities market is influenced by various parameters which include a diversified workforce.

3.4 Data Collection
The study will use primary data which will be collected through self-administered structured questionnaires. A questionnaire is a useful tool as it facilitates collection of data from a large
number of people within a short period of time. The structured questionnaire will be used to collect data on the perceived influence of workforce diversity on organizational strategy. The questionnaire will consist of both open and closed ended questions designed to elicit specific responses. The respondents will include human resource managers, business development managers and production managers in the companies. The questionnaire will be administered through a combination of “drop and pick later” and email method.

The questionnaire will be divided into two sections. Section A will capture the respondents’ biographical data while Section B will address the perception of the influence of workforce diversity on organizational strategy implementation.

3.5 Data Analysis

Data will be analyzed using descriptive statistics such as mean, standard deviation and frequency distribution. Once the data is collected, the questionnaires will be edited for accuracy, consistency and completeness. However, before final analysis is performed, data will be cleaned to eliminate discrepancies.

More specifically, the descriptive analysis will employ tables, pie charts, percentages, mean and standard deviations to summarize the respondent answers. This method of analysis is most desirable as it will enable the researcher to have an insight of the perception by managers on the influence of workforce diversity on strategy implementation among manufacturing firms listed at the Nairobi Securities Exchange.
CHAPTER FOUR  
DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

The research objective was to establish the perception of managers on the influence of workforce diversity on organizational strategy implementation among manufacturing firms listed at the Nairobi Securities Exchange. This chapter presents the analysis, results and discussion. Data was cleaned, validated, edited and coded then summarized using descriptive statistics, percentages, and mean scores. A total of 18 questionnaires were issued out but only 16 were returned. This represented a response rate of 89%.

4.2 Respondents Profile

The respondents’ characteristics were gender, age bracket, level of education and the length of continuous service within the organization.

4.2.1 Respondents Cadre

The respondents were asked to indicate the cadre in which they belong in their respective companies. The results are presented in table 4.1.

Table 4.1: Distribution of respondents by Cadre

<table>
<thead>
<tr>
<th>Cadre</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior management</td>
<td>7</td>
<td>43.8</td>
<td>43.8</td>
</tr>
<tr>
<td>Middle level management</td>
<td>9</td>
<td>56.2</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>16</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

The findings in table 4.1 indicate that 56.2% of the respondents were in the middle level management while 43.8% were senior managers. The results indicate that the two cadres were represented adequately.
4.2.2 Respondents Gender

The respondents were asked to indicate their gender. The findings indicate that 56.6% of the respondents were male while 43.7% were female. The results are as shown in figure 4.1.

**Figure 4.1: Distribution of Respondents by Gender**

4.2.3 Respondents Highest Level of Education

The respondents were requested to indicate the highest level of education they have attained. The findings are presented in table 4.2.

**Table 4.2: Respondents Highest Level of Education**

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>College diploma</td>
<td>1</td>
<td>6.3</td>
<td>6.3</td>
</tr>
<tr>
<td>Bachelor degree</td>
<td>7</td>
<td>43.7</td>
<td>50.0</td>
</tr>
<tr>
<td>Master degree</td>
<td>8</td>
<td>50.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>16</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

The findings in table 4.2 indicate that 50% of the respondents had masters’ degree, 43.7% of the respondents were bachelor degree holders while 6.3% of the respondents had attained a diploma as their highest level of education. The results indicate that majority of the companies employees have a degree and thus they are in a position to indicate the influence of workforce diversity.
4.2.4 Respondents Age Bracket

The respondents were asked to indicate their age brackets and the results are as shown in Table 4.3.

Table 4.3: Age Distribution

<table>
<thead>
<tr>
<th>Years</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 30</td>
<td>1</td>
<td>6.3</td>
<td>6.25</td>
</tr>
<tr>
<td>31-40</td>
<td>5</td>
<td>31.2</td>
<td>37.5</td>
</tr>
<tr>
<td>41-50</td>
<td>7</td>
<td>43.7</td>
<td>81.2</td>
</tr>
<tr>
<td>Over 50</td>
<td>3</td>
<td>18.8</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>16</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

The findings indicate that 43.7% of the respondents were 41 to 50 years old, 31.2% of the respondents indicated that their age bracket was 31 to 40, while 18.8% of the respondents indicated that their age bracket was over 50 years and the other 6.3% indicated that their age bracket was less than 30 years. The respondents’ age bracket was diverse and thus they understand the influence of work diversity on organizational strategy implementation.

4.2.5 Length of Continuous Service

The question sought to establish the length of continuous service of the respondents in their respective companies. The results are presented

Table 4.4: Length of continuous service

<table>
<thead>
<tr>
<th>Years</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 5</td>
<td>3</td>
<td>18.7</td>
<td>18.7</td>
</tr>
<tr>
<td>5-10</td>
<td>7</td>
<td>43.8</td>
<td>62.5</td>
</tr>
<tr>
<td>Over 10</td>
<td>6</td>
<td>37.5</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>16</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

The findings in table 4.4 was that 37.5% of the respondents have worked in their respective organizations for over 10 years while another 43.8% of the respondents indicated that they have worked for between 5 and 10 years, 18.7% of the respondents indicated that they have worked in the company for less than 5 years. The results indicate
that majority of the respondents have worked in their respective organizations for more than 5 years thus they understands the influence of workforce diversity.

4.3 Influence of Workforce Diversity on Strategy Implementation

The main elements of measuring diversity that were considered and sort with the questionnaires were limited to race, gender, physical abilities, fitness, ethnicity, religious orientation and age. What was key was the determination of how workforce diversity is perceived to influence strategy implementation.

The findings that are based on a five point Likert scale below are have in the definitions abbreviations that are explained here as; S.E meaning Small Extent, M.E meaning Moderate Extent and L.E meaning to a Large Extent.

4.3.1 Level of Workforce Diversity

The respondents were requested to indicate the perception by managers of the influence of workforce diversity on strategy implementation in a five point Likert scale. The range was ‘not diverse (1)’ to ‘very diverse’ (5). The scores of not diverse have been taken to represent a variable which had mean score of 0 to 2.5 on the continuous Likert scale; (0 ≤ S.E < 2.4). The scores of ‘neutral’ have been taken to represent a variable with a mean score of 2.5 to 3.4 on the continuous Likert scale; (2.5 ≤ M.E. < 3.4) and the score of both diverse and very diverse have been taken to represent a variable which had a mean score of 3.5 to 5.0 on a continuous likert scale; (3.5 ≤ L.E. < 5.0). A standard deviation of >1.0 implies a significant difference on the impact of the variable among respondents. The results are presented in Table 4.5.

Table 4.5: Influence of Workforce Diversity on Strategy Implementation

<table>
<thead>
<tr>
<th>Type of diversity</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Race</td>
<td>3.2625</td>
<td>1.1528</td>
</tr>
<tr>
<td>Gender</td>
<td>4.1423</td>
<td>.6324</td>
</tr>
<tr>
<td>Physical abilities</td>
<td>3.6125</td>
<td>.9105</td>
</tr>
<tr>
<td>Fitness (Quality of being suitable to fulfill a particular role or task. Physical fitness and healthy)</td>
<td>3.3750</td>
<td>.9574</td>
</tr>
</tbody>
</table>
The findings indicate that there was great diversity in the companies on the gender (mean 4.1423), age (mean 4.0896), ethnicity (mean 3.6250) and physical abilities (mean 3.6125). In the companies there was neutrality regarding the diversity of the employees on race (mean 3.2625), fitness (mean 3.375) and religious orientation (mean 3.175). The results indicate that there is diversity in the companies and these would enable the companies to overcome the challenges which they face with diversified workforce with different skills and backgrounds.

### 4.3.2 Influence of Workforce Diversity on Strategy Implementation

The respondents were requested to indicate the influence of workforce diversity on strategy implementation in their company. The results are presented in table 4.6.

<table>
<thead>
<tr>
<th>Influence of workforce diversity</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved decision making</td>
<td>4.2375</td>
<td>.6291</td>
</tr>
<tr>
<td>Enhanced creativity and innovation</td>
<td>3.8750</td>
<td>.9574</td>
</tr>
<tr>
<td>Implementation of customer related strategies</td>
<td>3.9867</td>
<td>.8944</td>
</tr>
<tr>
<td>Achievement of strategic targets</td>
<td>3.9375</td>
<td>.9287</td>
</tr>
<tr>
<td>Increased capacity to complete projects</td>
<td>3.7891</td>
<td>.9574</td>
</tr>
<tr>
<td>Increased efficiency of workgroups in achieving organizations strategic objectives</td>
<td>3.5682</td>
<td>.6020</td>
</tr>
<tr>
<td>Successful in implementation of strategic projects</td>
<td>3.7500</td>
<td>.8563</td>
</tr>
</tbody>
</table>

The findings in table 4.6 indicate that work diversity in the companies resulted in improved decision making (mean 4.2375), enhanced implementation of customer related
strategies (mean 3.9867), result in the achievement of strategic targets (mean 3.9375), enhanced creativity and innovation (mean 3.875), increased capacity to complete projects (mean 3.7891), and increased efficiency of workgroups in achieving organizations strategic objectives (mean 3.5682). The results indicate that workforce diversity influences the formulation and implementation of strategic objectives in the companies.

4.3.3 Initiatives to Make Workforce Diversity Support the Goal of Strategy Implementation

The respondents were asked to indicate the initiatives the companies undertake in order to make workforce diversity realize the goal of helping the organization achieve its strategy implementation in a five point Likert scale. The range was ‘not at all (1)’ to ‘very great extent’ (5). The scores of not at all and small extent have been taken to represent a variable which had a mean score of 0 to 2.5 on the continuous likert scale; (0 ≤ S.E < 2.4). The scores of ‘moderate extent’ have been taken to represent a variable with a mean score of 2.5 to 3.4 on the continuous Likert scale: (2.5 ≤ M.E. < 3.4) and the score of both great extent and very great extent have been taken to represent a variable which had a mean score of 3.5 to 5.0 on a continuous likert scale; (3.5 ≤ L.E. < 5.0). A standard deviation of >0.7 implies a significant difference on the impact of the variable among respondents. The results are shown in Table 4.6.

Table 4.7: Initiatives to make workforce diversity support the goal of strategy implementation

<table>
<thead>
<tr>
<th>Workforce diversity initiatives</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The company values the differences that stimulate better relationships between employees and encouraging the acceptance and understanding of diversity</td>
<td>4.0192</td>
<td>.9079</td>
</tr>
<tr>
<td>The company meets affirmative action policies by social pressure</td>
<td>3.3243</td>
<td>.5799</td>
</tr>
<tr>
<td>Making diversity management a structured process to obtain competitive advantages through a diverse group of employees</td>
<td>3.9703</td>
<td>.4502</td>
</tr>
</tbody>
</table>
The company has policies formulated to manage diversity aim to implement initiatives, activities, and practices that recognize, promote, or encourage the differences between groups or people.

The company has put in place diversity management that helps create a work environment in which all employees can achieve their personal goals in line with the overall business objectives.

| The findings on the initiatives that make workforce diversity support the goal of strategy implementation was that the companies have put in place diversity management systems that helps create a work environment in which all employees can achieve their personal goals in line with the overall business objectives (mean 4.2054), has policies formulated to manage diversity aim to implement initiatives, activities, and practices that recognize, promote, or encourage the differences between groups or people (mean 4.1432), values the differences that stimulate better relationships between employees and encourage the acceptance and understanding of diversity (mean 4.0192), the companies has made diversity management a structured process to obtain competitive advantages through a diverse group of employees (mean 3.9703). The results indicate that the workforce diversity initiatives that have been taken into consideration by the companies have influenced strategy implementation in the respective companies. | 4.1432 | .7960 |
| The company has put in place diversity management that helps create a work environment in which all employees can achieve their personal goals in line with the overall business objectives | 4.2054 | .6855 |
CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

The study found that there was high level of diversity in the companies in terms of gender, age, ethnicity and physical abilities. The diversity of the workforce is expected to ensure fresh ideas and perceptions, which can make the way work is done more efficient and make products and services better. The study further revealed that workforce diversity influence on strategy implementation resulted in improved decision making, enhanced implementation of customer related strategies, result in the achievement of strategic targets, enhanced creativity and innovation, increased capacity to complete projects and increased efficiency of workgroups in achieving organizations strategic objectives.

The implementation of the strategies was supported by the initiatives which were taken into consideration by the companies and these initiatives included diversity management that helps create a work environment in which all employees can achieve their personal goals in line with the overall business objectives, has policies formulated to manage diversity aim to implement initiatives, activities, and practices that recognize, promote, or encourage the differences between groups or people, values the differences that stimulate better relationships between employees and encourage the acceptance and understanding of diversity, the companies have made diversity management a structured process to obtain competitive advantages through a diverse group of employees.
5.2 Conclusion

The implementation of organizational strategy is a process being undertaken through a systematic approach and provides a link between strategic consensus and success. The development and implementation of strategies by an organization is an important step taken by managers in the achievement of a firm’s competitiveness in a competitive environment and thus the influence of workforce diversity has to be considered as it helps create a work environment in which all employees can achieve their personal goals in line with the overall business. At the same time the importance of workforce diversity is more reinforced in an operating environment in which implementation of organizations strategies requires a multi-pronged approach.

The influence of workforce diversity has been found to affect decision making, enhance creativity, assist in the implementation of customer related strategies, enable the organization achieve its strategic targets, has increased efficiency of workgroups and successful implementation of strategic projects and thus the companies should aim at making managing diversity a mainstream issue, owned by everyone so that it influences all employment policies and working practices. The human element of strategic implementation plays a key role in successful implementation and it involves both managers and employees of the organization.
5.3 Recommendations

Foremost, the study found out that in the companies surveyed, there was low diversity on the race and religious orientation and it is therefore recommended that the companies should strive to ensure that there is employee diversity on the race and orientation. This requires policies on diversity which will act as positive values that warrant efforts to achieve social integration, which can boost the productivity of the company and support the democratization of access to opportunities.

Lastly, the study found that the influence of workforce diversity on strategy implementation resulted in enhanced creativity, implementation of customer related strategies, achievement of strategic targets, increased efficiency of workgroups and successful implementation of strategic projects. It is therefore recommended that the companies develop diversity management policies, initiatives and programs that help create a work environment in which all employees can achieve their personal goals in line with the overall business objectives.

5.4 Recommendations For Further Research

The study was undertaken on the manufacturing companies listed at Nairobi securities exchange. It is therefore recommended that the study be replicated in all the listed companies to establish the perception of managers in all sectors of the economy on the influence of workforce diversity on strategy implementation.
REFERENCES


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Mutuku, J (2003), Manager’s attitudes and response to work force diversity in the telecommunications sector in Nairobi; Unpublished MBA Project, University of Nairobi


Oluoch, M (2006), Diversity management practices of commercial banks in Kenya, Unpublished MBA Project, University of Nairobi


APPENDICES

APPENDIX I: QUESTIONNAIRE

Please give answers in the spaces provided and tick (√) in the box that matches your response to the questions where applicable.

PART A: DEMOGRAPHIC AND RESPONDENTS PROFILE

1.) Name of the respondent (Optional): .................................................................

2.) Name of the Organization..............................................................................

3.) What cadre of staff do you fall under?
   a) Senior Management (  )
   b) Middle level Management (  )

4. Gender: male (  ) Female (  )

5. Highest level of Education and training attained?
   a) Secondary [ ] b) College-Diploma [ ]
   c) Bachelors Degree [ ] d) Masters Degree [ ]

6. What is your age bracket? (Tick as applicable)
   a) Under 30 years (  ) b) 31 – 40 years (  )
   c) 41 – 50 years (  ) d) Over 50 years (  )

7. Length of continuous service with the organization?
   a) Less than five years (  )
   b) 5-10 years (  )
   c) Over 10 years (  )
PART B: PERCEPTIONS BY MANAGERS OF THE INFLUENCE OF WORKFORCE DIVERSITY ON STRATEGY IMPLEMENTATION

8). Please indicate how you rate the level of diversity in your organization based on the attributes below by ticking (√) in the appropriate space based on your judgment of intensity of diversity

**KEY:** VD – Very Diverse (5) D –Diverse (4) N–Neutral 3) SD – Slightly Diverse (2) ND–Not Diverse (1)

<table>
<thead>
<tr>
<th>No</th>
<th>TYPE OF DIVERSITY</th>
<th>RESPONSE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Very Diverse</td>
</tr>
<tr>
<td>a</td>
<td>Race</td>
<td></td>
</tr>
<tr>
<td>b</td>
<td>Gender</td>
<td></td>
</tr>
<tr>
<td>c</td>
<td>Physical abilities(Ability to perform some physical activities)</td>
<td></td>
</tr>
<tr>
<td>d</td>
<td>Fitness (Quality of being suitable to fulfill a particular role or task. Physical fitness and healthy)</td>
<td></td>
</tr>
<tr>
<td>e</td>
<td>Ethnicity</td>
<td></td>
</tr>
<tr>
<td>f</td>
<td>Religious Orientation</td>
<td></td>
</tr>
<tr>
<td>g</td>
<td>Age</td>
<td></td>
</tr>
</tbody>
</table>
9.) Please indicate the extent to which you agree that the following statements accurately describe the influence of workforce diversity on organizational strategy implementation. (Tick in the appropriate space)

**KEY:** **SA** – Strongly agree (5) **A** – Agree (4)  **N** – Neutral  **D** – Disagree (2) **SD** – Strongly Disagree (1)

<table>
<thead>
<tr>
<th>Variable</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Strongly Agree</td>
</tr>
<tr>
<td>a  Improved decision making with regards to strategy implementation has resulted from the organizations diverse workforce</td>
<td></td>
</tr>
<tr>
<td>b  Employee diversity has enhanced creativity and innovation in strategy implementation</td>
<td></td>
</tr>
<tr>
<td>c  The organization has been able to implement customer related strategies as a result of its diverse workforce</td>
<td></td>
</tr>
<tr>
<td>d  The organization has been able to achieve its strategic targets because of its diversified workforce</td>
<td></td>
</tr>
<tr>
<td>e  The organization has been able to increase its capacity to complete projects in time because of the diversified experience of its workforce</td>
<td></td>
</tr>
<tr>
<td>f  Workforce diversity has increased efficiency of</td>
<td></td>
</tr>
</tbody>
</table>
Because of a diverse workforce, the organization has been successful in implementing its strategic projects.

<table>
<thead>
<tr>
<th>Workforce diversity initiatives</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>The company values the differences that stimulate better relationships between employees and encouraging the acceptance and understanding of diversity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The company meets affirmative action policies by social pressure</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The company makes diversity management a structured process to obtain competitive advantages through a diverse group of employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The company has policies formulated to manage diversity aim to implement initiatives, activities, and practices that recognize, promote, or encourage the differences between groups or people.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The company has put in place diversity management that helps create a work environment in which all employees can achieve their personal goals in line with the overall business objectives</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
APPENDIX II: MANUFACTURING FIRMS LISTED AT THE NAIROBI SECURITIES EXCHANGE

1. Athi River Mining
2. Bamburi Cement
3. BOC
4. British American
5. Carbacid Investments
6. Crown Paints
7. EA Breweries
8. EA Cables
9. EA Portland Cement
10. Eveready EA
11. Kakuzi
12. Kenya Power & Lighting
13. Mumias Sugar
14. Sameer
15. Sasini
16. Total Kenya
17. Unga Group
18. Kenya Orchads

Source: Wazua.co.ke August 2012