Diversity Management
and Pluralism in
Kenya's Major Private
Sector Firms

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Abbreviations

AKDN	Aga Khan Development Network
COYA	Company of the Year Award
CSoCD	Commission for Social Development
DSPD	Division for Social Policy and Development
FGD	Focus Group Discussion
GCP	Global Centre for Pluralism
GDP	Gross Domestic Product
HR	Human Resource
HRM	Human Resource Management
IEA	Institute of Economic Affairs
KII	Key Informant Interview
KNBS	Kenya National Bureau of Statistics
NSE	Nairobi Securities Exchange
UNDESA	United Nations Department of Economic and Social Affairs

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1.0 Executive Summary

This study seeks to establish the status of pluralism in the private sector in Kenya by examining: efforts by players in the sector aimed at promoting pluralism; the nature of diversity management in the sector; the extent to which the sector has embraced or resisted efforts towards pluralism; and identification of trends, challenges and drivers of pluralism in the sector. The study also aims at facilitating a common understanding of pluralism among all stakeholders in the private sector. The findings provide a resource list for private sector organizations' top leadership and management to learn more about diversity management and pluralism, with the goal of optimizing their organization's approach to diversity management, and the ultimate realization of pluralistic workplaces.

The study was a participatory process that included stakeholders in the Kenya private sector. It was undertaken in three phases. Phase one of the study entailed a desk review of academic literature on workplace diversity and pluralism, review of reports developed by surveyed organizations and a review of Kenyan legal and regulatory frameworks touching on diversity. Key Informant Interviews (KII) and Focus Group Discussions (FGD) were held in the second phase of the study with specific stakeholders with the objective of soliciting information on diversity management. Three FGDs were held in the development of the study. The first FGD was held with Human Resource Managers of selected companies in the private sector, the second one targeted representatives from the Civil Society Organizations, private sector umbrella bodies, academic institutions and the Government, while participants in the third FGD included the heads of agencies from the Aga Khan Development Network (AKDN), some of whom are in charge of companies targeted in the study. The third phase of the study involved the administration of questionnaires to Human Resources Managers, who in most organizations are responsible for diversity management.

Issues on diversity and pluralism in the private sector in Kenya examined in this study include: Engagement with diversity and pluralism among players in the sector; practices in dealing with diversity at management, staff and clientele by the sector; challenges of dealing with diversity issues and ensuring pluralism; significant changes or trends in dealing with diversity issues; regulatory framework around diversity; private sector lobbying for legislation on diversity and their pro-activeness in creating diversity policies; whether there is a perceived "business case for diversity" and; the role of the sector towards building a cohesive society.

Preliminary findings from the initial phase of the research include: The understanding of pluralism and diversity among the companies involved in the study is heavily influenced by the politics and human rights rhetoric in Kenya. There appears to be a significant reluctance by firms to discuss these issues openly because they have strong connections to the ethnic politics that are a major

source of division among Kenyans. It is evident that firms in the NSE do understand that, apart from the general requirement to "respect" the constitutional principle of equal treatment, diversity also has a value for enterprise. However, in general this understanding does not seem to translate into specific and consistent actions to support or improve diversity management within firms. A failure to appreciate that diversity could be a strength for firms given the benefits highlighted by research may be a missed opportunity to combine social objectives with competitive advantage or improved performance in Kenya. Few of the surveyed companies have embedded diversity as a major element of their human resources policies are not able to connect it to their firm's performance. Companies are placing more emphasis on charitable giving and Corporate Social Responsibility than internal diversity within corporate boards, executives and the general employee talent pool. At the board level, it appears that there is a deliberate attempt to incorporate women but our published data shows that the numbers are still below half and that there is little professional diversity among these women who are incorporated. Most are lawyers and bankers.

Challenges in managing diversity and attaining pluralism at organizations' board, management and staffing levels, identified by stakeholders who participated in the study include: stakeholder unfamiliarity with the concept of pluralism and the economic benefits of diversity; the high cost of initiatives aimed at addressing diversity concerns; the prioritization of other factors for instance qualifications over diversity during recruitment; majority of applications for jobs are received and reviewed based on ethnic linings; the influence of networks during recruitment; the influence of politicians and shareholders in some organizations during appointment; lack of commitment to ensuring diverse work places by organizational leadership; a weak regulatory framework and enforcement of law; lack of implementation of policies promoting pluralism and diversity; the persistence of stereotypes; semi-transparent recruitment processes based on board members' preferences, biased and bureaucratic leadership and poor communication channels. Some of the cultures and practices identified by stakeholders surveyed in the study as enabling the realization of diversity in the workplace include: availability of policies promoting diversity, open work spaces that encourage interaction among employees, and organizational structures that enable employees to rise through the ranks.

Recommendations emerging from the study focus on several key areas, including the need for players in Kenya's private sector to put in place policies and undertake initiatives aimed at: establishing platforms for organizational transformation, establishing competencies to guide and manage a diverse workforce, enabling implementation of policies and strategies clearly and consistently supported by leadership and at all levels of management, interventions to leverage a diverse workforce and promoting adherence to legislation and regulations on diversity.

Kwame Owino
Chief Executive Officer

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2.0 Introduction

One of the most pressing challenges currently confronting many societies around the world, including Kenya, is that of how to live peacefully with diversity. Almost all modern societies are today characterized by some level of socio-cultural diversity, and in too many cases the presence of such diversity has led to tensions, instability and sometimes conflict. While issues around diversity are often viewed through the lenses of social or political interests, it is also true that there are vital economic interests involved in how a society approaches its diversity. The ability of individuals and groups to access opportunities for livelihood and well-being through engagement in the economic sectors of their societies, including the public and private sectors, is vital and requires fair and equitable access to state and community resources, services, and institutions.

Managing tensions arising from strong religious, socio-cultural, and nationalist divides and building a culture of inclusion within a society despite these divides is a major challenge for diversity and inclusion practitioners everywhere, including those working on the economic front. As a key component of the economic life of any society, there is a growing recognition that while the private sector is subject to the same tensions and challenges, it also has the potential to wield great influence on the actions and perceptions of a society, and act as a driver of social and economic inclusion. There is an increasing global appreciation for the economic benefits of a positive and inclusive approach to diversity, as well as the value of workforce diversity.

The changing demographics in workforce composition in Kenya not only increases the amount of diversity that organizations need to manage but also affects business operations, productivity, balance sheets and, inevitably, the overall economic well-being of the country. For private sector organizations operating in Kenya to not simply continue being effective but in fact enhance their effectiveness and productivity in a global economy, their top leadership and management should leverage on the diversity of their employees. The private sector should move beyond merely creating diverse workplaces, to ensuring pluralism. Pluralism, which is a positive response to diversity embedded within policies, practices and norms, goes beyond viewing diversity as mere numerical representation of certain groups, to deeper interaction and genuine engagement between diverse groups, resulting in greater understanding and appreciation of the existing differences in a group.

Bringing about the changes required to build and maintain diversity and promote pluralism in an organization requires strategy, commitment, communication, and concrete changes in organizational procedures. Given Kenya's diverse demography and the sustained and highly visible attempts over recent years to address Kenya's issues of National identity and National unity exemplified by the adoption of the Constitution of Kenya 2010 and institutions such as the National Cohesion and Integration Commission, and campaigns explicitly aimed at strengthening "National

Cohesion" and combating "tribalism", it is important that the private sector in Kenya remains true to National values by ensuring that equity, inclusivity, non-discrimination, integrity, transparency and accountability are important considerations in the management of human resources, especially with regard to issues such as recruitment, awarding of promotions and the determination of staff remuneration.

Organizational leadership and top management in the private sector are, for the most part, responsible for the success of diversity policies and strategies and the promotion of pluralism in the workplace by developing diversity policies and initiatives, and ensuring that policies developed are incorporated into each aspect of the organization's functions and mission. They also have the responsibility of supporting employees in learning how to effectively appreciate, interact with and manage people in a diverse workplace. There is a need for greater awareness of the benefits of diverse and pluralistic workplaces, given the accruing benefits, not only to organizations in the sector but the nation at large.

Economic development and the profitability of businesses for instance are determined in part by the availability of a peaceful and conducive business environment in a country. According to a report by Owuor and Wisor (2014), which examines Kenyans experience with electoral violence and its impact on the economy titled, *The Role of Kenya's Private Sector in Peace building: The Case of the 2013 Election Cycle*, the cost of the 2007-2008 electoral violence included loss of a minimum of 1300 lives, the displacement of 500, 000 people in 6 of the 8 provinces. In terms of macroeconomic costs the country's Gross Domestic Product (GDP) plummeted to 1.7 in 2008 from 7.1% in 2007 and Foreign Direct Investments dropped to 86.8%); and in terms of micro-economic costs, flower exports fell to 24% due to loss of labor and difficulties in transport, other sectors like tea and tourism suffered as well.

Policies and Regulations on Diversity

Diversity management is well considered in Kenya's legal framework. The *Constitution of Kenya 2010*, which is the supreme law of the land, recognizes the presence and importance of diversity and envisions a country where this is largely respected. Article 27 (5) of the Constitution provides that a person shall not discriminate directly or indirectly against another person on the basis of race, sex, marital status, pregnancy, health status, ethnic or social origin, colour, age, disability, religion, conscience, belief, culture, language or birth. It further provides that women and men have the right to equal treatment including the right to equal opportunities in political, economic, cultural and social spheres. Article 41 of the Constitution on labour relations provides that every person has the right to fair labour practices including the right to fair remuneration and reasonable working conditions.

The *Employment Act 2007* defines the fundamental rights of employees, advocates for provision of basic conditions of employment of employees, regulates employment of children, and provides for matters connected with the forgoing provisions on discrimination in employment. It states that it shall be the duty of the Minister, labour officers and the Industrial Court to promote equality of opportunity in employment in order to eliminate discrimination in employment; and to promote and guarantee equality of opportunity for a person who is a migrant worker or a member of the family of the migrant worker, lawfully within Kenya. The Act further states that an employer shall promote equal opportunity in employment and strive to eliminate discrimination in any employment policy

or practice. The Act states that no employer shall discriminate directly or indirectly, against an employee or prospective employee or harass an employee or prospective employee on grounds of race, colour, sex, language, religion, political or other opinion, nationality, ethnic or social origin, disability, pregnancy, mental status or HIV status; and in respect of recruitment, training, promotion, terms and conditions of employment, termination of employment or other matters arising out of the employment.

The *National Cohesion and Integration Act, 2008* encourages National Cohesion and Integration by outlawing discrimination on ethnic grounds; providing for the establishment, powers and functions of the National Cohesion and Integration Commission. The act outlaws discrimination on the basis of ethnicity, colour, race, nationality or national origins. Section 7 (1) of the Act states that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff. The *Labour Relations Act, 2007* on the protection of employees states that no person shall discriminate against an employee or any person seeking employment for exercising any right conferred in the Act. The *National Gender and Equality Commission Act 2011* established the Commission whose functions among others include: promotion of gender equality and freedom from discrimination; monitor, facilitate and advise on the integration of the principles of equality and freedom from discrimination in all National and County policies, laws, and administrative regulations in all public and private institutions.

2.1 Conceptual Framework

This study is premised on the concept that successful management of diversity in organizations results in a greater understanding and appreciation of differences existing among individuals and groups, better understanding of differences among people leading to more diverse, inclusive and pluralistic workplaces; greater levels of employee satisfaction; increased productivity and profitability; and enhanced organizational competitiveness. These are important in the work environment and to any nation as they contribute to the realization of pluralistic organizations and increased organization competitiveness. These ultimately impact on the society, as it is then more likely to attain, or at least genuinely pursue, inclusive social economic development as individuals from diverse groups secure jobs in organizations providing them with opportunities to advance in terms of career development and other aspects of social and economic development.

2.2 Methodology

The study was a highly participatory process that included stakeholders in the Kenya private sector. This approach was as a result of the conviction that, in order for it to be meaningful and effective, this type of study required active participation by stakeholders in the sector. Undertaken in three phases, phase one of the study entailed a desk review of academic literature on workplace diversity and pluralism, review of reports developed by surveyed organizations and a review of Kenyan legal and regulatory frameworks touching on diversity. Key Informant Interviews (KII) and Focus Group Discussions (FGD) with specific stakeholders were held with the objective of soliciting information on diversity management. Three FGDs were held in the development of the study. The first FGD was held with Human Resource Managers (HRM) of select companies in the private sector, the second one targeted representatives from the Civil Society Organizations, private sector umbrella bodies, academic institutions and Government, while participants in the third FGD included the heads of agencies from the Aga Khan Development Network (AKDN), some of whom are in charge of

companies targeted in the study. Questionnaires were administered to Human Resources Managers, who in most organizations are responsible for diversity management in their organizations. Data generated was analyzed using the Statistical Package for Social Scientists (SPSS). Qualitative data was analyzed through thematic and content analysis and triangulations. In order to gain a deeper understanding of the state of pluralism in the sector, the assessment compared the results from the quantitative score along with the responses received from qualitative research, findings from the Focus Group Discussions and documentary reviews.

2.3 Limitation of Study

Largely because of resource and time constraints it was impractical for the researchers to assess all the companies listed in the private sector in Kenya. The scope of the study was therefore narrowed to firms listed in the Nairobi Securities Exchange (NSE). The NSE plays a vital role in the growth of Kenya's economy by encouraging savings and investment, as well as helping local and international companies access cost-effective capital. Companies listed in the NSE are among key contributors to Kenya's economic output and are viewed as those adhering to best practices of corporate management in the country. The companies are therefore an appropriate universe for testing both how Kenyan private corporations approach diversity and pluralism, as well as their views on the value of pluralism.

The researchers acknowledge that narrowing the focus to companies listed in the NSE could make it a challenge to argue that the findings of this study are a reliable basis for definitive statements on the state of pluralism in the private sector in Kenya. The project team was nevertheless aware of this challenge from the start. While efforts to undertake related studies for more private sector organizations is encouraged, this study is primarily intended to ask some relevant questions and contribute modestly to a growing conversation taking place, both in Kenya and globally, about the role of the private sector in engaging with and promoting diversity. The findings of this study are therefore considered useful for stakeholders in the private sector, policy makers, regulatory bodies, umbrella organizations and Civil Society Organizations across the country.

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3.0 Private Sector in Kenya and Inclusivity

Employers in the private sector in any society, just like their counterparts in the public sector, play a pivotal role in creating an inclusive society. The Expert Group Meeting on Promoting Social Integration, held in Helsinki in July 2008, defined an inclusive society as one that over-rides differences of race, gender, class, generation, and geography, and ensures inclusion and equality of opportunity, as well as of the capacity for all its members to determine an agreed set of social institutions that govern social interaction. The meeting was organized by the Division for Social Policy and Development (DSPD) of the United Nations Department of Economic and Social Affairs (UNDESA) in collaboration with the Government of Finland. The main objectives of the meeting were to explore how societies could become more inclusive, identify interrelations and suggest policy measures and operational tools geared at promoting social inclusion by all stakeholders. The meeting provided the Commission for Social Development (CSocD) with an independent expert opinion on the priority theme, and inputs into the draft recommendation for the subsequent report of the Secretary-General on promoting social integration. The CSocD had established "Social Integration" as the priority theme for the 2009-2010 review and policy cycle, taking into account its relationship with poverty eradication and full employment and decent work for all.

Business activities by the private sector generate jobs and build human capital with multiplier effects on the social and economic development of people. If supported by responsible business practices and institutional policy innovations, players in Kenya's' private sector can make major contributions to the realization of diversity and pluralism in workplaces and, by extension, contribute towards a more pluralistic society, even as they pursue core business interests. Expanding economic opportunity is arguably where players in the Kenyan private sector have the greatest potential to create shared value for business and society.

The private sector in Kenya has over the years substantially contributed to the country's economic growth. As of December 2015, Kenya had 40,283 registered companies, out of which 40 w ere public local companies, 40,022 were private local companies and 221 were foreign companies (KNBS Statistical Abstract, 2016). Wage employment in Kenya's private sector increased by 3.3 per cent between 2015 and 2016, while in the public sector wage employment increased by 2.6 per cent over the same period (KNBS, 2016).

Diagram 1: Wage employment by sector (Public and private, number in 000's)

2084.1

643.3

——— Private agriculture and forestry ——— Rest of Private Sector ——— Public Service ——— Total
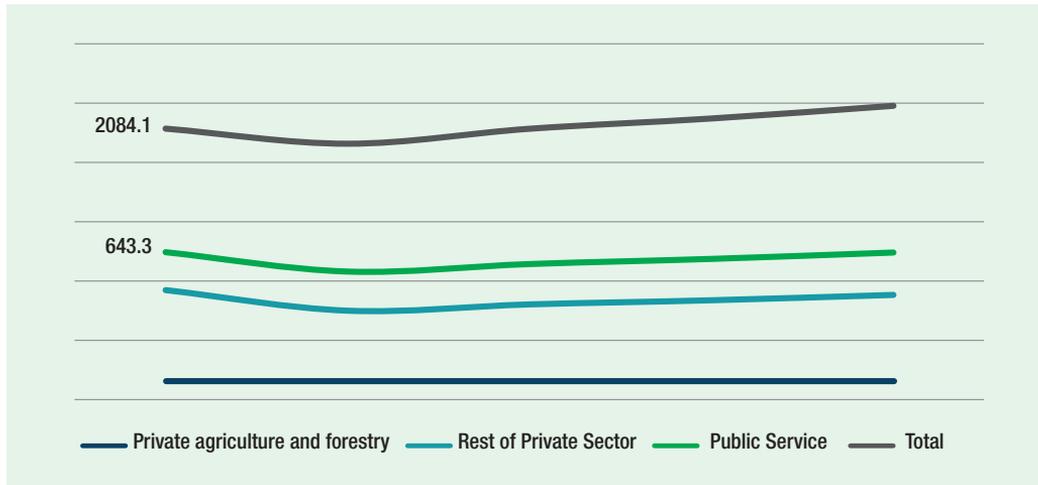
Source: Statistical Abstract 2016, KNBS

From the data above, it is clear that the private sector in Kenya is an important contributor to Kenya's economic and social development, given its share contribution of approximately 70% for the formal and informal sector to the country's GDP through the manufacturing, hospitality, agriculture and service sectors, and its contribution through employment opportunities, a major source of income for individuals and households, a source of livelihood and a means to poverty reduction among diverse populations. It is therefore important that the private sector in Kenya seeks to promote diversity and inclusivity in its daily undertakings by creating equitable opportunities for social and economic development of individuals and diverse groups in the society.

4

4.0 Literature Review

The research included a review of scholarly literature on diversity, diversity management and pluralism in general and at the workplace. The research observes that in the context of workplace, diversity studies is an ever-evolving concept. According to Gary Dessler (2011), in a study on Human Resource Management that provides practical review of essential human resource concepts and techniques, with a particular focus on using Human Resource (HR) practices to improve performance, productivity, and profitability at work, diversity is the variety or multiplicity of demographic features that characterize a company's workforce, particularly in terms of race, sex, culture, national origin, disability, age and religion.

Researchers observe that the challenge of diversity is not merely to have it, but to create conditions in which its potential to be a performance barrier is minimized and its potential to enhance performance is maximized (Cox, 2001). Concerns have also been raised on the definition of diversity. White (1999), observes that organizations and their management teams often define diversity too narrowly by tolerating, rather than embracing, differences. This, according to White, promotes uniformity rather than diversity. Uniformity, assumes that we are not diverse and is therefore ignorant of existing differences between us. Efforts by organizations aimed at managing diversity should seek to contribute towards pluralism through appreciation of and interaction with the differences among individuals and groups as it is only when individuals and groups understand each other that they will be able to embrace one another.

The trend by researchers in defining diversity has increasingly transcended visible differences. Diversity encompasses both primary and secondary characteristics of individuals (Edginton et al, 1995). Primary characteristics of diversity are defined as the obvious impressions upon meeting an individual like gender, age, and race whereas secondary characteristics of diversity may include religion, culture, economic status, education and geographic location.

Hubbered (2004), organizes the characteristics of diversity into four independent and overlapping aspects. These include:
a) *Workforce diversity* encompassing group and situational identities of workplace employees like gender, age, economic background, race and ethnicity;
b) *Behavioral diversity* encompassing work styles, communication styles and changes in attitudes and expectations of employees;
c) *Structural diversity* encompassing interactions across functions, organizational levels in hierarchy;
d) *Business diversity* encompassing expansion and segmentation of customer markets, diversification of products and services offered in operating environments like the legal and regulatory contexts, labor market realities, business cultures and norms.

Managing diversity involves the management of expectations, similarities, differences and conflicts present in a diverse group of employees. Bagshaw (2004), broadly defines it as the systematic and planned commitment by the organization to hire, reward and promote a heterogeneous mix of employees. Diversity is more action oriented and goes beyond equal opportunity employment and having policies that outlaw discrimination, or even affirmative action programs.

Workforce, according to Hornby (2005), is the totality of the people working in an organization. Workforce diversity is defined by Kreitner and Kinichi (2004), as the multitude of the individual differences and similarities that exist among the people working in an organization. In order to effectively manage diversity, organizations must therefore consider the different components of workforce diversity. Diversity encompasses similarities and differences that make workers unique from each other and therefore involves dealing with both similarities and differences (Thomas, 2006). It is important, that these similarities and differences are well harnessed if an organization is to realize its goals and objectives.

Dressler (2006), observes that managing workforce diversity means minimizing diversity's potential barriers, such as prejudices and bias, that can undermine the functioning of a diverse workforce. Kreitz (2007), argues that in order to manage diversity effectively, organizations must expand their perception on diversity beyond race and gender, to include a variety of other dimensions. Kalev et al (2007), in a study examining over 700 private sector organizations, identified three broad approaches for managing diversity. These are: Establishing organizational responsibility for diversity, moderating managerial bias through training and feedback, and reducing the social isolation of women and minority workers. The study observes that organizations that establish responsibility, realize better effects from diversity training and evaluations, networking, and mentoring.

The management of diversity in organizations comes with some advantages. Various studies have found linkages between the diversity of top management teams and the performance of their respective organizations. Researchers observe that diverse groups and by extension diverse top management teams make better decisions. A study by McKinsey's titled *Diversity Matters*, examining diversity in the workplace, shows that companies in the top quartile for racial and ethnic diversity and gender diversity are, respectively, 35% and 15% more likely to perform better than their national industry medians respectively (Mc Kinsey, 2015). The study found that for every 10% increase in gender diversity, United Kingdom companies see an increase in Earnings before Interest and Taxes (EBIT) of 3.5%. The study examined proprietary data sets for 366 public companies across a range of industries in Canada, Latin America, the United Kingdom, and the United States. The study attributed better performance by diverse companies as opposed to those that are less diverse to: advantage of talent recruitment, improved customer orientation, greater employee satisfaction, and better decision making and innovation.

According to Cox and Blake (1991), in the study *Managing cultural diversity: Implications for organizational competitiveness*, not only do people prefer to work for an employer that values diversity, they also prefer to buy from such organizations. The study mentions Avon Corporation that is often cited as having used cultural diversity to turn around low profitability in its inner city markets by giving black and Hispanic managers substantial authority over these markets because they were uniquely qualified to understand certain aspects of the world view of persons from that group (Coxx and Blake, 1991).

Kanter, as cited by Cox and Blake (Ibid), observes that the most innovative companies deliberately established heterogeneous teams to create a market place of ideas. They observe that these companies did a better job compared to less innovative companies on eradicating racism, sexism, and classism and tended to employ more women and racial-ethnic minorities. Researchers also observe that diverse groups have a richer base of experience from which they learn to solve a problem as differences among team members allows them to see problems from various perspectives. They observe that this ensures that a variety of solutions are entertained and a wide range of exploration of each of the possible consequences of each option, considered.

Organization theorists, however, point out that diversity also comes with challenges that can cause problems and affect the performance of an organization. They observe that communication problems in a work environment may hinder performance of workers when left unresolved. Businesses may also face challenges if they have workers that show resistance to change, and organizations may also face the challenge of ethnocentrism and discrimination in the workplace. Researchers observe that it is unfortunate, sometimes, that some business establishments show favoritism among their employees with some managers or bosses in some instances favouring one person or group of people over another. This is unhealthy for a business because fairness and equality is what makes up a heterogeneous, vibrant and productive work environment and no business will thrive long enough in the absence of teamwork among the employees.

Pluralism, which is a response to diversity, is generally described as the existence and acknowledgement of diversity. The Global Centre for Pluralism (2012), defines pluralism as an "ethic of respect that values human diversity" and "a set of practices and outcomes as well as intentions associated with achieving this end". According to Diana L. Eck (2006), pluralism is the energetic engagement with diversity, actively seeking understanding across the lines of difference, and is based on dialogue to reveal common understandings and real differences.

Researchers observe that pluralism transcends tolerance as it requires some knowledge of the other and embracing of our differences. Mere tolerance of each other may, however, stand in the way of engagement between individuals and groups as it does not require people to know anything at all about one another, and is therefore not a firm foundation for an increasingly diverse society like Kenya. According to Kamali (2011), deep pluralism recognizes diversity and then engages differences in order to gain a sound understanding of the values and commitments of the different other. Kamali, concludes that pluralism and diversity are not the same. He takes note of the fact that people of different backgrounds may well be present in a place, but unless they actively engage with one another, there is no pluralism.

A pluralistic society fosters equal participation of all citizens in the political, economic and socio-cultural life, resulting in a more equitable and peaceful human development. Pluralistic societies are products of decisions, exemplified by, among other factors, good governance and sound policy choices that promote respect for diversity. These societies enable individuals as well as groups to express their identities within a framework of shared citizenship. Despite the lack of a Kenyan definition of pluralism, the concept is applied in efforts and beliefs or values that draw from or pay homage to the idea that different people should live, transact and work together in the society as equals.

From the above, it is clear that there are numerous benefits of diversity and good management of diversity to companies, whether public or private. However, a narrow definition of diversity, is a barrier to organizations achieving the benefits of diversity management. Organizations and their management teams often define diversity too narrowly along the lines of tolerating rather than embracing Government guidelines about inclusion of gender, racial, and sexual diversity in the workplace; focusing on the avoidance of legal risks, rather than the benefits of diversity; and doing the minimum necessary, rather than the maximum, to promote diversity (Otike, Messah and Mwalekwah, 2009).

4.1 Focus on diversity in organization leadership

The research focused on top leadership and top management in organizations, recognizing that managing diversity in an organization is a long term process that should be spearheaded by its top leadership and management. According to Deloitte (2013), the behaviors of senior leaders and managers influence employees' perceptions about whether organizations are authentically committed to valuing and supporting diversity and whether they feel included. Strategic-choice theorists argue that top executives in organizations make decisions that influence organizational outcomes and performance, and that organizational structures and responses are fashioned by the people in power as cited in Wambui et.al (2013). Whereas legislation may compel organizations to implement diversity initiatives, decision makers in the organization have the discretion of determining how to do so. The success of initiatives aimed at ensuring diversity and pluralism in the workplaces depends on the support by senior managers, and more so if the managers themselves are champions of diversity. Boards and senior management should identify and commit to adopting and implementing strategies and workplace environments conducive to all employees to contribute to the competitive advantage of the organization.

The Upper Echelons Perspective theory argues that organizational outcomes at strategic choices and performance levels are partially predicted by managerial background characteristics. An organization is a reflection of its top executives, whose characteristics, including age, other career experiences, education, socioeconomic roots, financial position, and group characteristics that may include for instance shared goals and interests and identities, can be used to predict organizational outcomes (Hambrick and Mason, 1984). These personal characteristics greatly influence their interpretations of the situations they face and in turn, affect their choices. From these two theories, one can conclude that organizations can be reflections of their top management thus the need for diversity in top management positions at the highest levels of decision making in organizations is vital, as this will definitely impact all other levels of an organization.

According to Sealy, Doldor and Vinnicombe (2009), boards of directors are one of the main mechanisms of internal governance of organizations. To be a successful governing body, boards need to have an appropriate mix of age, skills and experiences. However, the benefits flowing from a diverse top team in an organization can only be achieved if they are not tokenistic but from an organizational culture that sincerely and consistently supports diversity (Mercer, 2014). Mercer observes that diversity of an organization's board has bearing on return of investment and assets. For instance, gender and race diversity are associated with an increase in sales revenue and more customers, and organizations with two or more female board members tended to have higher financial performance and more minority directors.

Sealy, Doldor and Vinnicombe (ibid), observe that a diverse board provides an organization with access to a wider market since they operate within different networks and engage with different stakeholders. The authors share that a greater diversity of board members is likely to lead to better performing boards and corporations, arguing that those tasked with recruiting board members should capitalize on the unique skills and perspectives of each board member.

According to Nishii, Gotte and Raver (2007), the demographic diversity of senior management teams is positively associated with the adoption of diversity-supporting hiring practices and demographic diversity of workforces at large. Management should be open with their employees and provide safe spaces for them to discuss issues like diversity. According to Sealy, Vinnicombe and Singh, the lack of diversity at top levels of management in organizations, is caused by a lack of diversity at entry levels.

5

5.0 Study Findings

This section provides findings from the study through the Key Informant Interviews and the Focus Group Discussions held by stakeholders in the Kenya private sector key among these being the Chief Officers of organizations, Human Resource Managers and representatives from the regulators of the sector.

5.1 Human resources managers training on diversity management

Out of the Human Resources Manager (HRM) respondents interviewed 57% indicated having received training on diversity management as a course unit during their university studies (at either the undergraduate or graduate level). A significant number of the respondents, 43%, indicated having not received training on diversity management, which calls into question their ability to successfully handle diversity issues. Diagram 2 below, shows a cross tabulation of respondents by training on diversity across the sectors.

5.2 Interpretation of diversity and nature of diversity management

Some of the respondents interviewed in the Key Informant Interviews indicated that their organizations have defined diversity in their human resources policies and procedure manuals. The general interpretation of diversity among stakeholders, as shared in the Focus Group Discussions, include: prohibition of discrimination according to the dimensions of diversity including gender, sex, race, ethnicity; accommodating opinions of employees and other stakeholders in the development of business strategies; coming together for enhanced organizational output of people from various strata of society including gender and ethnicity to produce a sum greater than the parts; inclusion, equality and cultural diversity. Respondents interviewed in the FGDs and KIIs who indicated that their organizations do not have written policies on diversity management did however say that their organizations do not however tolerate discrimination based on differences among staff. 32% of Human Resource Managers responding to the questionnaires interpreted diversity in terms of non-discrimination based on one's ethnic background while 24% interpret diversity as understanding of an individual's uniqueness.

Though an unfamiliar term and seemingly relatively new in comparison to diversity, participants in the Focus Group Discussions generally agreed that pluralism is an important subject to players in the private sector. General opinion on diversity by participants in the Focus Group Discussions was that diversity should be viewed as a potential source of strength and a tool to attaining economic prosperity rather than something that would elicit divisions and tensions. There was also agreement on the need to adopt a wider interpretation of diversity as expressed in the statement by a key

interview informant that: *"Diversity from a corporate lens could be viewed in three levels i.e. diversity in ownership, human resources, and clientele and products"*.

Most companies in the private sector in Kenya are structured such that the responsibility of diversity management is a function of the Human Resource Managers, as confirmed in the group discussions. This was corroborated by responses in the questionnaires duly completed by Human Resources Managers, where it emerged that the they are responsible for initiating discussions in their organizations on diversity issues and also handling complaints and emerging issues among staff relating to diversity in the majority of the organizations, at 72% and 34% respectively as illustrated in diagram 2 below on the initiators and handlers of diversity issues in the organizations.

Few organizations indicated that their organization's Learning and Development Officer handled diversity issues. The small percentage of organizations that indicated that their organization's Learning and Development Officer handled diversity issues may actually miss out on important issues relating to diversity that the officer in question may require to address with the employees through training unless these are shared by the other officers handling diversity issues in the organization for instance the Human Resource Managers whose mandate in most organizations is to oversee recruitment, interviewing, and hiring of new staff; and serve as a link between an organization's management and its employees. Respondents from such organizations however indicated that the staff is, however, often encouraged to interact broadly with each other as this would contribute to greater interaction among the diverse groups as well as understanding and appreciation of diversity among employees in the organization.

Diagram 2: Initiators and handles of diversity issues
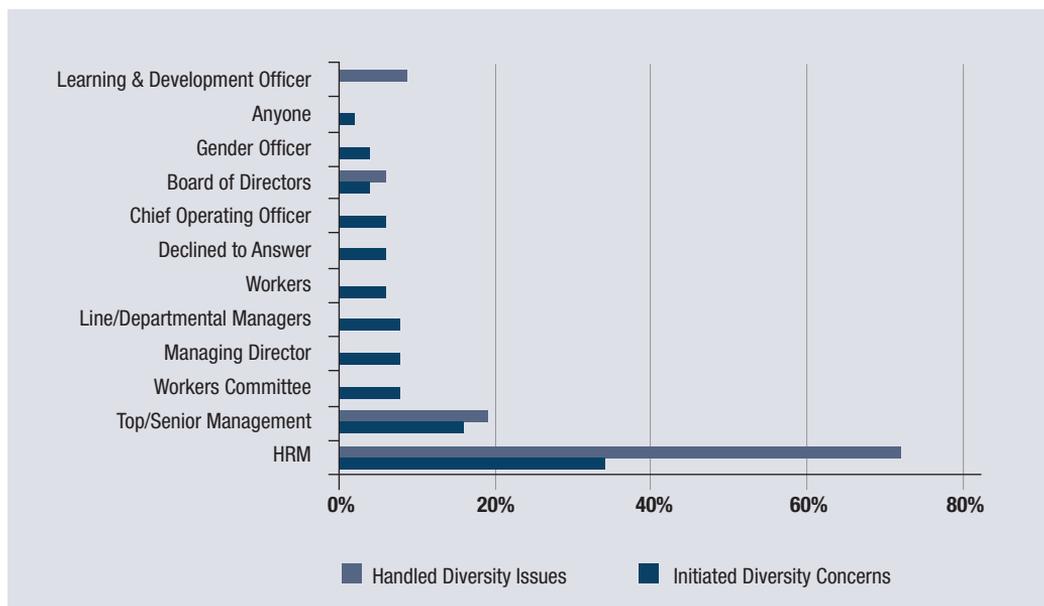
Organizations in the private sector have wide-ranging ways of managing diversity at the workplace. With mergers and subsequent expansion and growth of the firms listed in the Nairobi Securities Exchange, Human Resources Managers in the sector are finding it useful to adopt more pluralistic approaches of engagement and conducting business to ensure harmony and productivity at the workplace. Some of these include the development work environment comprising of individuals with different cultural backgrounds as a way of infusing different perspectives from diverse cultures so as to have a more integrated and productive workforce. Some organizations hold diversity awareness weeks to celebrate ethnic diversity with the objective of appreciating and exposing employees to different cultures. As shared by a participant in the discussions: *"Staff is on such days encouraged to put on attires from their ethnic communities and the canteen would be stocked with food from various ethnic communities".* There is also *"Engaging of diversity champions identified from various departments in an organization to spearhead organizing activities within the organization aimed at celebrating diversity".*

Some organizations in the sector have it as a policy requirement that at least 30% of their senior management or directors are female as a means of promoting gender diversity. Others embrace diversity in the recruitment of management trainees, with some companies going out of their way to recruit staff from marginalized areas and communities as expressed by a Focus Group Discussion participant that: *"My firm partners with academic institutions from marginalized areas during recruitment of management trainees to ensure that we get a diverse pool of recruits to choose from."* This is important as lack of diversity in top management positions in organizations has been attributed to lack of diversity at positions of entry.

The private sector has, for some time, not had incentives to enhance diversity as there has been no tradition in the sector of recognizing organizations that promote diversity. However, in order to encourage diversity in the sector, organizers of the Company of the Year Awards (COYA) for the private sector are advocating for the adoption of equity and inclusivity as one of the parameters or a prerequisites for companies to qualify for this award. The COYA award celebrates the achievements being made by private firms and aims to enhance organizations' management capabilities and performance excellence.

In addition to the vital role that sincere and consistent leadership plays, organizations show commitment and support to diversity in several other key ways, including by providing necessary resources, human and financial, for the successful implementation of diversity policies and programmers. 63% of the companies surveyed have policies that address diversity issues. A large percent of Human Resource Managers, 61%, indicated that their companies were extremely committed to supporting diversity issues.

Programmers, and diversity initiatives implemented by companies surveyed varied, with 14% of respondents indicating that the company considered diversity during the recruitment of staff as indicated in Diagram 3 below. 12% have it in the organization's goals and objectives. It however emerged that very few of the Human Resource managers monitored and evaluated the level or diversity in their organizations.

Diagram 3: Diversity practices in organizations

Community outreach — 14%
Recruitment process — 14%
Organisational goals and objectives — 12%
Retention Strategies — 11%
Leadership development opportunities — 11%
Specification of leadership development opportunities — 8%
Accountability — 7%
Development of strategies with stakeholders — 7%
Monitoring and evaluation of the level of diversity — 6%
Celebration of diversity awareness — 4%
Programmes with an international focus — 3%
Use of incentives to enhance diversity — 3%

5.3 Company resources and budgeting for diversity management

From the distribution of the market capitalization for companies surveyed in the study, a clear minority of companies, 30%, have market capitalization of between Ksh 1billion and Ksh 5 billion, followed by companies whose market capitalization ranging from Ksh 10 billion to Ksh 50 billion which comprise 26%. 40% of the companies indicated having a budget for diversity concerns. It is generally observed that wealth of the companies is not a strictly necessary condition for enabling companies allocate funds towards diversity. However, it is not a sufficient condition since even the small sized companies are making effort to allocate funds for diversity concerns.

Of the companies surveyed that indicated they were moderately committed, very committed or extremely committed to diversity, only 40% had specific budgets for diversity related programs as illustrated in diagram 4 below. Budgeting for diversity is important as what gets funded is often an important measure of how seriously something is taken. Very few of the companies that expressed high commitment to diversity management or related issues attributed this lack of budgetary allocation to diversity related activities to the small size of the company (less than 10 employees). One may therefore deduce from this that it is easier to manage diversity concerns in smaller organizations in which the staff are able to interact more and management may be able to single out concerns relating to diversity as opposed to large organizations where more effort and resources may be required. Some organizations indicated that they did not incur costs in the development of internal policies on diversity management.

Diagram 4: Correlation between commitment in supporting diversity issues and whether companies have a budget geared towards diversity concerns

Whether companies have a budget geared towards diversity concerns

Yes | No | Didn't Answer

Level of committment to diversity concerns

Level	Yes	No	Didn't Answer
Extremely committed	23%	30%	3%
Very committed	10%	7%	3%
Moderately committed	7%	3%	
Somewhat committed	7%		
Didn't Answer	7%		
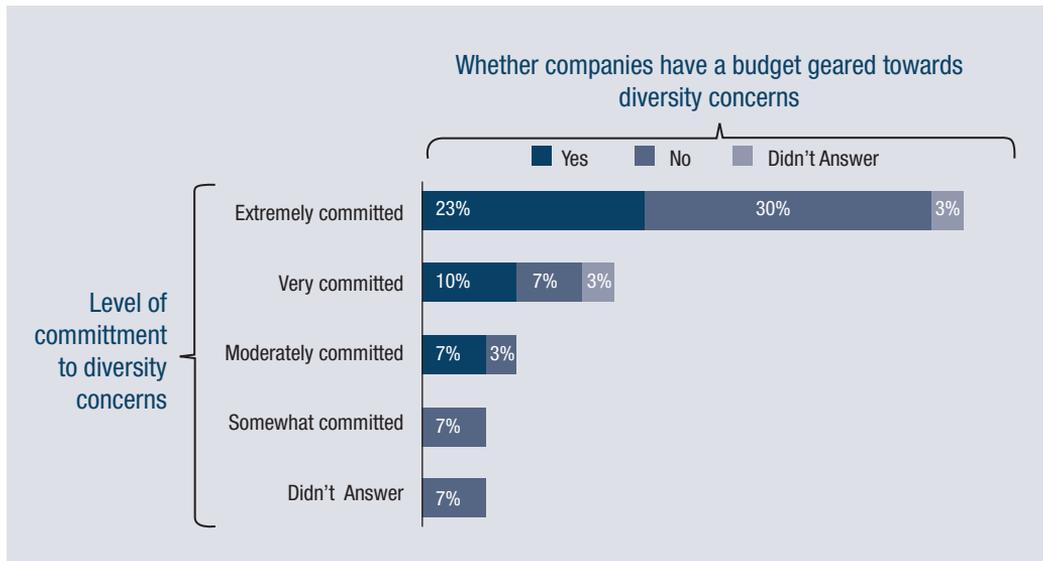
Diagram 5 below representing a cross tabulation of budget allocations on diversity initiatives across sectors shows that 100% of respondents from the insurance sector had budgeted for diversity programmes, followed by the construction and allied, and energy and petroleum at 75% and 67% respectively. However, respondents from the Automobiles and Accessories, Commercial Services and Investment Services Sector had no budget allocations towards diversity programs. This raises questions with regards to the impact of such initiatives.

Diagram 5: Sector budget programme on diversity

Sector	Yes	No	Didn't Answer
Insurance	100%		
Construction and Allied	75%	25%	
Energy and Petroleum	67%	33%	
Banking	60%	40%	
Investment	50%	50%	
Agricultural	33%	67%	
Manufacturing and Allied	67%		33%
Investment Services		100%	
Commercial and Services		100%	
Automobiles and Accessories		100%	

Yes | No | Didn't Answer
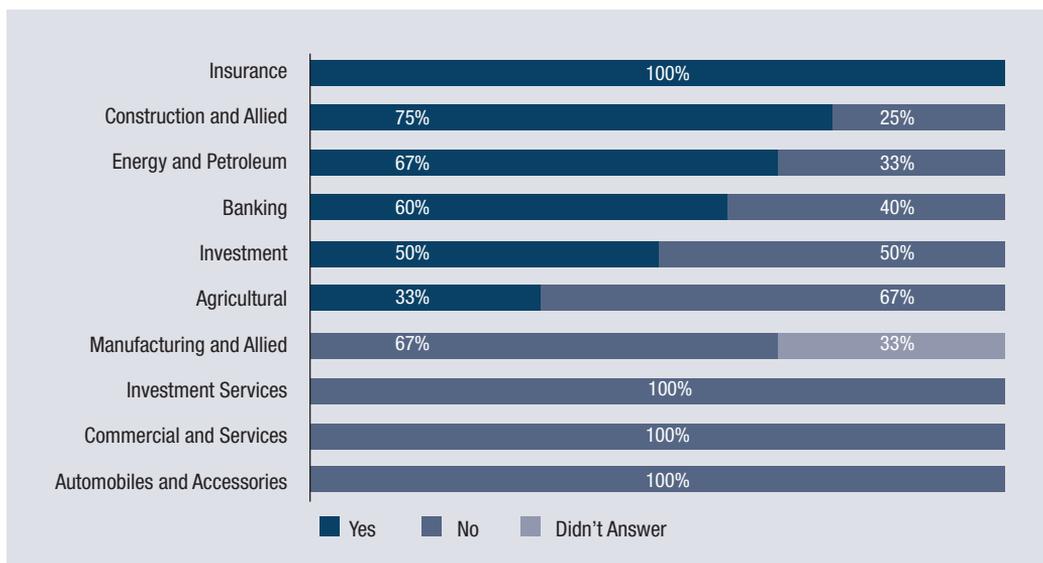
The budget set aside for diversity related issues by organizations ranged from Ksh 100,000 to more than 1 million Kenyan shillings. 13% of respondents indicated a budget of between Ks 500,000 and Ksh 999,999. An equal percentage indicated over Ksh 1 million and 10% indicated between Kshs 100, 000 and Ksh 499,999.

5.4 Company policies and regulations on diversity

Companies that support the development of legislations on diversity management prefer engaging in either advocacy or lobbying through their umbrella bodies. Participants in one of theFocus Group Discussions rated compliance by private sector organizations to legislation on diversity as moderate. Players in the sector observe that though the Constitution encourages embracing of diversity, cascading these requirements into the regulators and private sector regulations and policies remains a challenge and interpretation of the law is left to individual organizations. Compliance audits done by the Kenya National Commission for Human Rights reveal that whereas institutions in the sector had inclusion and gender diversity policies, these were not being implemented due to factors including prioritization of merit among other factors.

A participant in one of the Focus Group Discussions observed that some of the laws developed with the objective of promoting diversity require repealing, as they have loopholes citing the requirement for progressive implementation of regulations around inclusion of persons with disability. It was also observed that the Persons with Disability Act of 2013, which applies to both the private and public sector, is identified, as not at all or rarely complied with, by some of the organizations and regulators in the sector. A participant in one of the FGDs observed that The Persons with Disability Act which states that the Council shall endeavour to secure the reservation of 5% of all casual, emergency and contractual positions in employment in the public and private sectors for Persons with Disabilities, is difficult to implement due to the nature of work in some organizations. A participant in one of the Focus Group Discussion observed that this provided some players in the sector with loopholes to not consider persons with disabilities when recruiting.

The Capital Markets Authority established by an Act of Parliament, Cap 485, has in an effort to promote pluralism, developed a Corporate Governance Code that was gazetted in 2016. One of the principles in the proposed codes of conduct relates to diversity. The Code provides that *'the board shall have a policy to ensure the achievement of diversity in its composition. Each board shall consider whether its size, diversity and demographics make it effective. Diversity applies to academic qualifications, technical expertise, relevant industry knowledge, experience, nationality, age, race and gender. The appointment of members shall be gender sensitive and shall not be perceived to represent a single or narrow constituency interest. Where companies establish a diversity policy, the companies shall introduce appropriate measures to ensure that the policy is implemented'*.

The authority is a regulating body charged with the prime responsibility of supervising, licensing and monitoring the activities of market intermediaries, including the stock exchange and the central depository and settlement system and all the other persons licensed under the Capital Markets Act. It plays a critical role of facilitating mobilization and allocation of capital resources to finance long term productive investments. Its mission is to promote the development of Kenya's capital market to be an investment destination of choice through facilitative regulation and innovation. The Authority derives its powers to regulate and supervise the capital markets industry from the Capital Markets Act and the Regulations issued therein.

One of the regulators shared that:

"As a regulator, we protect our stakeholders' interests in our sector in various ways. We give guidelines on the qualifications of a director and firms have to seek the organization's approval before appointing directors, ownership is capped at 20% to ensure that decision making is not vested on one group or individual, the regulator has a say in who becomes the Chief Executive Officer (CEO), it provides a list of qualifications and standards that must be adhered to, just to mention but few. However, my organization has no say in ensuring that a board of a firm in our sector meets the 2/3 gender rule."

Over half, 55% percent of Human Resources (HR) managers surveyed indicated that legislations and regulations guiding diversity issues in Kenya were completely complied with while 12% indicated that they were somewhat complied with. These include the Kenya Labor Laws including the Employment Act, Immigration Policy and the Corporate Governance Principles. The Employment Act 2007, declares and defines the fundamental rights of employees, to provide basic conditions of employment of employees, to regulate employment of children. On discrimination in employment, the Act states that 'It shall be the duty of the Minister, labour officers and the Industrial Court to promote equality of opportunity in employment in order to eliminate discrimination in employment; and to promote and guarantee equality of opportunity for a person who is a migrant worker or a member of the family of the migrant worker, lawfully within Kenya. 50% of the respondents indicated that their companies supported legislation touching on diversity. This was done through lobbying and advocacy actions through their respective umbrella bodies. Opinion by players in the sector is that the sector should be encouraged to comply with good corporate governance principles as this will ensure that they are inclusive and hence promote diversity at the workplace. However, the general opinion is that the regulatory framework on diversity management is weak and its enforcement is poor.

Of the companies that responded to the survey, 63% indicated that they have written regulations, policies or guidelines on diversity management, 33% do not. These policies are part of the organization's Human Resource Management manuals and other workplace policies. These policies provide for the code of conduct for employees, equal opportunity employment, provisions on inclusion, respect, dignity and teamwork, non-discrimination clauses, gender and disability mainstreaming, provision of crèches as well as the consequences of breaching these policies. 70% of the respondents shared that their company policies were implemented. Unfortunately, most businesses and regulators do not have the tools or skills to measure diversity levels in their businesses nor the incentive to implement diversity related initiatives. Matrices available like the International Organization for Standardization (ISO) certification do not measure the level diversity and of pluralism in companies.

5.5 Diversity in organization board and management

The research found out that recruitment to the boards of management is done by members of the board or members of the board nomination committees or the majority shareholders and they were approved by shareholders during the Annual General Meeting. Top managers are recruited by the managing director, Human Resource Managers and other top managers in the companies or the human resource committee of the board of directors.

Dimensions of diversity identified by participants in the study in the recruitment of board members include gender, nationality, age, education and ethnicity. The weighting of dimensions of diversity considered when recruiting for an organization's board and top management positions varied depending on the nature of work, among other variables. Professionalism is ranked highest by 97% of respondents followed by education qualifications and background by 93% of respondents as indicated in diagram 4 below. A participant observed that: *"There is a huge bias towards work experience, social capital/networks (ability to open doors), ethics or character, gender, professional knowledge of the candidate during recruitment"*. This indicates that the primary factors are not genuinely related to diversity.

There is a perceived lack of diversity in the board and top management of a majority of the private sector companies in Kenya, which has been linked to a variety of reasons including poor understanding of diversity management and its value to the organization, biased recruitment to the board and top management positions based on the "Old Boys Network" i.e. informal systems of support where people use their social and business connections to hire or help those they went to school or college with, the glass ceiling effect. The popular notion of glass ceiling effects implies that gender (or other) disadvantages are stronger at the top of the hierarchy than at lower levels and that these disadvantages become worse later in a person's career (Cotter & Ovadia, 2001).
Professionalism and education which are secondary dimensions of diversity are given more consideration in the recruitment of top managers in organizations as indicated in the diagram below.

Diagram 6: Dimensions of diversity considered when recruiting for board and top management positions
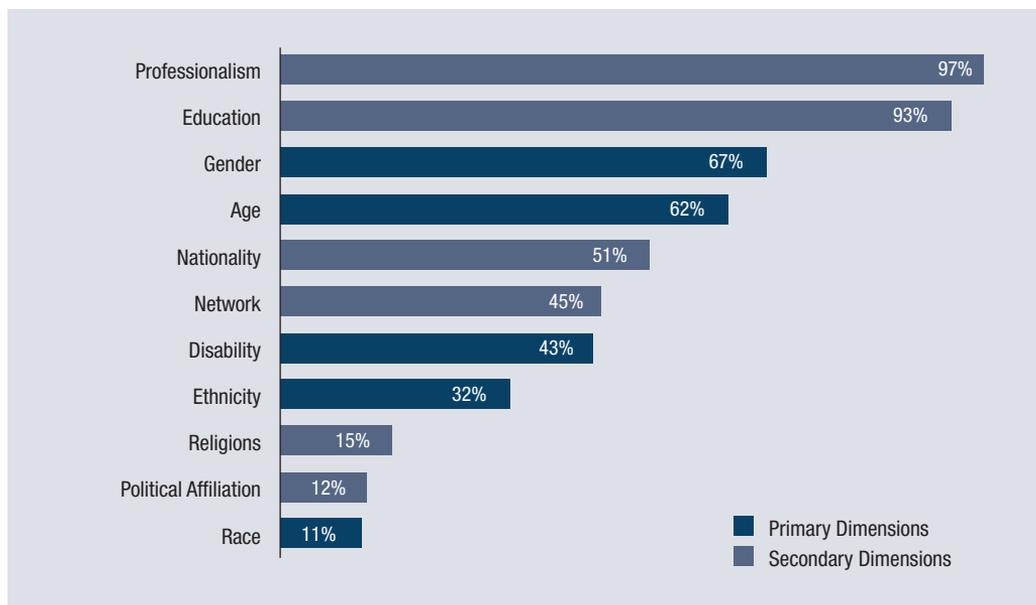
A large percentage of respondents, 80% rated recruitment processes to board and top management positions as very transparent, 77% indicated that it was inclusive, while 58% and 87% indicated that it was non-bureaucratic and merit based respectively, as indicated Diagram 5 below.

Diagram 7: Opinion on the board (Average score on a scale of 0-3)

Opinion on the level of meritocracy in the recruitment process of the members of the board/top management

Opinion on the level of non-bureaucracy in the recruitment process of the members of the board/top management

Opinion on level of inclusivity in the recruitment process of the members of the board/top management

Opinion on level of transparency in the recruitment process to the board/top management positions

0%   20%   40%   60%   80%   100%

■ Not   ■ Declined to answer   ■ Somewhat   ■ Very Much

Average score on a scale of 0 to 3

An individual's network as an influence in the recruitment process had mixed results with networks having a heavy influence in the recruitment process in the Agricultural sector with 100% of respondents surveyed indicating that networks mattered. Investment, Insurance and Energy and Petroleum Sectors are at 50% each. Network is least influential in the Manufacturing and Allied sector with 33% of respondents indicating that it had any influence, as presented in Diagram 6 below.

Diagram 8: Opinion on the extent to which network orientation of one's circles influence the recruitment process of the members of the board and top management

Sector	Not	Somewhat	Very Much
Manufacturing and Allied	67%		33%
Investment Services	100%		
Investment	50%		50%
Insurance	50%		50%
Energy and Petroleum	50%		50%
Construction and Allied	50%	25%	25%
Commercial and Services	23%	50%	25%
Banking	40%	20%	40%
Automobiles and Accessories	33%	33%	33%
Agricultural	100%		

■ Not   ■ Somewhat   ■ Very Much
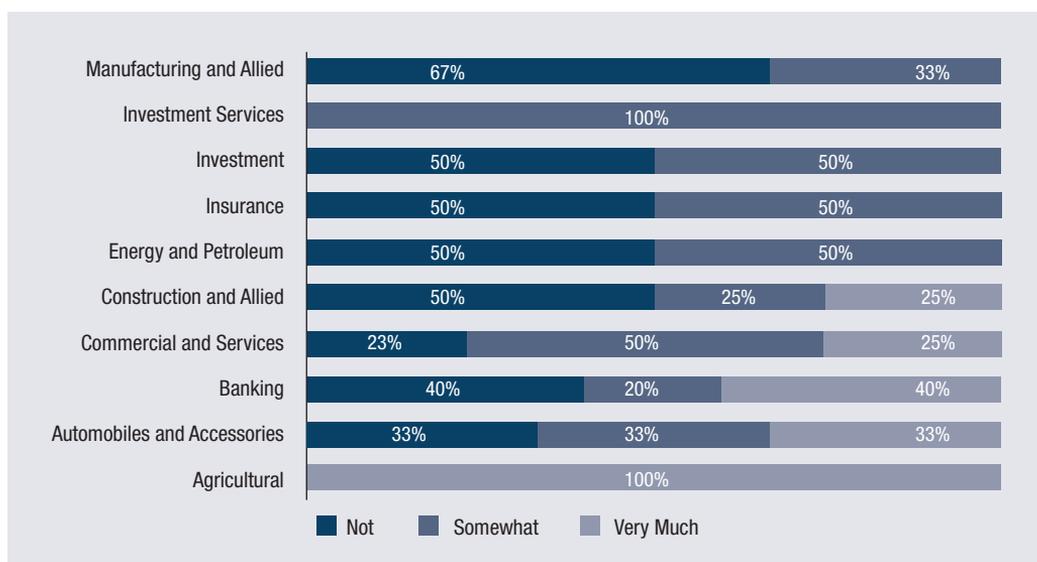
There is appreciation among some of the stakeholders surveyed in the study that private sector organizations should extend diversity initiatives outside the workplaces. A participant in the group discussion stated that *"The application of the various dimensions of diversity should not only be limited to internal operations like recruitment and promotion but should be applied in the prequalification of suppliers of goods and services."*

5.6 Challenges in attaining diversity in organization management and at lower levels

Though organizations may have in place policies, principles, and practices that guide diversity issues; and even though they may have taken deliberate efforts aimed at fostering sensitivity toward diversity, they may however still be faced with barriers to attainment of diversity. This may for instance include inconsistency between organizational policy and practice with regard to diversity issues, institutional inertia, poor response to change, continued inequitable practices in hiring, promotions, and job placement practices. Other barriers to effective management of diversity include; diversity bias, societal traditions, industry norms, for instance construction related and automotive industries that are often male dominated, opposition to change and negative attitude and behaviors (like prejudice stereotyping, discrimination).

Even with the efforts to ensure diversity in the workplace, organizations in the Kenyan private sector continue to face challenges in establishing diversity in their boards, top management and staff. There is a concern over the cost of implementing initiatives geared at ensuring diversity, as well as the fact that some initiatives undertaken are simply cosmetic in nature and are geared at tolerance or simply compliance with existing regulations. According to a participant in one of the Focus Group Discussions, diversity management is considered a low priority in organizations in the sector due to poor awareness on the benefits of diversity management and pluralism compared to other aspects of human resource management like health and safety in the companies.

 A participant in one of the Focus Group Discussions observed that the majority of the job applications or talent in certain fields happens to be from particular ethnic groups. A participant observed that in some professions it is difficult to recruit Indians because they are found in very specific fields, like the traditional areas of accounting. Recruitment in the sector also seems to be based on networks developed from schooling days and in some instances groups like ethnic groups rather than merit as per the observation by a participant in one of the Focus Group Discussions that, *"Most of the Chief Executive Officers or Top Managers can be traced to particular high schools and universities"*

External interference by other interests, including politics and cronyism (i.e. local leaders who lobby for the employment of residents or relatives), makes it difficult for some organizations to achieve ethnic diversity as shared in the statement that:

> *"A local leader complained that the company needed to hire more locals. A look at the ethnic distribution of employees in the organization in its entirety showed that there was equity and agreeing to this request would result in transfer of staff from this ethnic community from various towns and positions of leadership to this remote area. We wish that local leaders would make demands from a position of information and interfere less with the operations of our businesses".*

A Focus Group Discussion participant shared that family or majority shareholder interests negatively affect the composition of boards and top managements especially when they dictate who should be hired or appointed to boards or top management positions.

A participant in one of the FGDs observed that outright bias such as the glass ceiling effect is an invisible barrier that keeps women and members of minority groups from rising beyond a certain level in an organization's leadership hierarchy. This is also observed as a possible reason for less representation of these groups in higher levels of management in organizations.

A participant identified lack of support and commitment from organization boards or top management and organization leadership that is rigid or averse to change as well as poor understanding of diversity and the benefits of diversity management or pluralism.

The regulatory framework is weak and law enforcement is poor. The private sector is not compelled by law to demonstrate diversity, is under little or no scrutiny for diversity and is accountable to very few people and thus has little motivation to being more pluralistic. A participant observed that there is a perceived lack of fairness in the industrial court as they take long to dispense of cases and that the regulators of private sector companies are not sufficiently empowered to hold to account companies that are engaging in discriminatory practices. The role of the Industrial Court is to facilitate social dialogue by defining and adjudicating the rights and obligations of the tripartite players- governments, employers and employees. Its traditional role is to avail quick, uncomplicated and inexpensive justice to workers. It seeks to promote industrial harmony, and regulate the relations between employers and their employees; between the trade unions and employer organizations; and resolve disputes arising from these relations. The participant observed that all that regulators can do is to write advisories or issue summons to such organizations, which are often ignored.
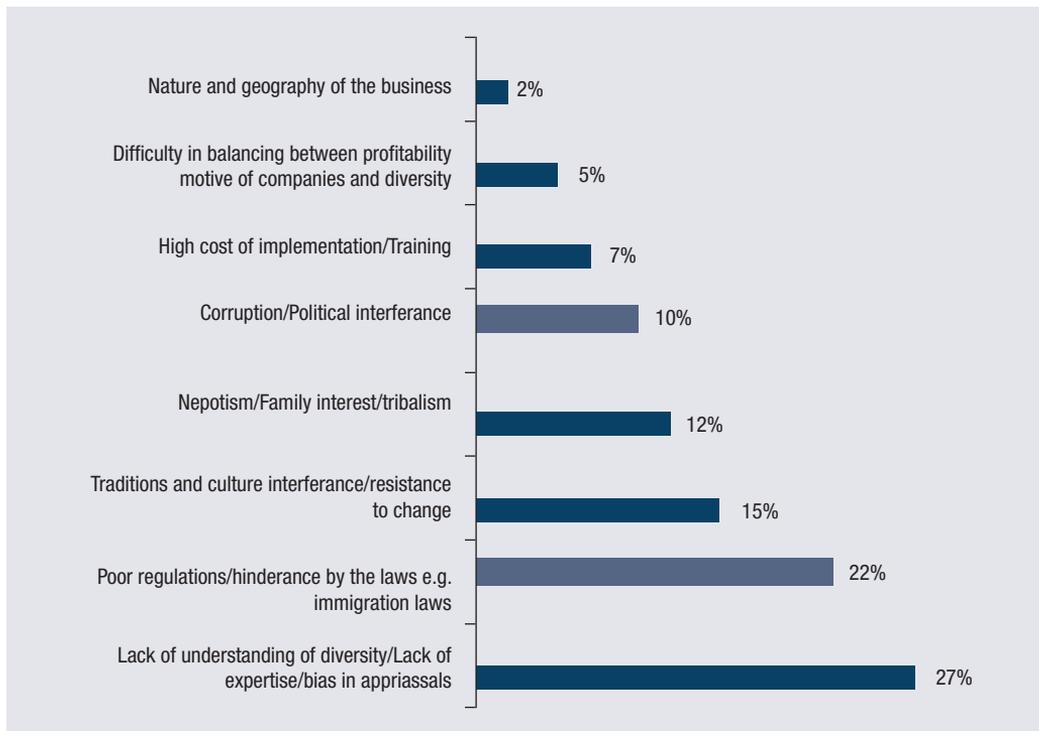
> *"In one of our audits we found out that all top management staff are men and such organizations had gender and wage disparities but my organization could not do anything much since we do not have the power to compel private sector firms to ensure gender equity. All we can do is to ask them to declare that they have a board composed of x members."* –
FGD Participant

The nature and location of some of the jobs makes it challenging to achieve gender pluralism. Female workers in some instances tend to shy away from jobs that would require them to work for long hours or in hostile environments. A participant observed that most companies in the sector did not have gender mainstreaming or gender administration policies and where these were present; they are not being put into practice.

It was also observed that though there was an increase in the number of firms headed by women; they do not have the power and clout to make decisions due to the perception that most of them, though qualified, were hired to help organizations meet a certain gender requirement and thus they did not get sufficient support to help them perform.

40% of respondents surveyed were of the opinion that private sector organizations face obstacles in achieving gender diversity, 47% were of the opinion that they do not. Diagram 9 below highlights some of the challenges identified by Human Resource Managers in the survey.

Diagram 9: Main challenges faced by organizations while implementing diversity initiatives in Kenya

Challenge	Percentage
Nature and geography of the business	2%
Difficulty in balancing between profitability motive of companies and diversity	5%
High cost of implementation/Training	7%
Corruption/Political interference	10%
Nepotism/Family interest/tribalism	12%
Traditions and culture interference/resistance to change	15%
Poor regulations/hinderance by the laws e.g. immigration laws	22%
Lack of understanding of diversity/Lack of expertise/bias in appriassals	27%

5.7 Whether there is a business case for diversity

Opinion by some participants surveyed in the study is that the private sector is an interested partner in the discourse on pluralism. Companies in the sector have an incentive to take a leadership role in the pluralism discourse if there was demand from their consumers or their business interest was under threat. Participants acknowledge that consumers are becoming more conscious of diversity issues; hence managing diversity was crucial to the success of businesses. There was consensus from the FGDs that the private sector has a major role to play towards ensuring equity in human resource distribution and that the sector would benefit from a cohesive nation that respects diversity. Participants however observed that the sector only deals with pluralism when it poses a threat to its interests, in particular their bottom line profits, and that there might be a competitive advantage for the private sector to implement pluralism if its lack or presence thereof had an effect on their profits.

Asked whether there is a business case for diversity, a large percent, 64% of Human Resource Managers in the survey held the opinion that there is a business case for diversity, while 36% were of the contrary opinion. 73% of respondents shared that their companies linked diversity concerns to the organization's business operations. They did so by considering the various dimensions of diversity during recruitment and promotion of staff, decision making regarding customer service as well as in marketing discourses within the various companies. The outcome of diversity in the workplace as identified by respondents in the survey is as highlighted in diagram 10 below.

Diagram 10: Rating of respondents on the outcomes of diversity

Increased organizational competitives	88%
Improved public image of the organization	88%
Retention of diverse workforce	87
Improved financial performance	83%
Improved access to minority and new markets	81%
Decrease in complaints and litigation	79%
Improved problem solving	78%
Reduced costs associated with low productivity	72%

5.8 Role of private sector in diversity management and national cohesion

Indeed, Owuor and Wisor (Ibid), share that the private sector in Kenya undertook a sustained, systematic, and comprehensive peace building campaign that almost certainly contributed to the peaceful nature of the electoral process in the year 2013. They observe that the private-sector engagement influenced key political actors, spread messages of peace across the country, brought together desperate sectors of Kenyan society, prevented incitement, and ensured a return to normalcy as challenges to electoral results worked their way through the courts. Peace meant that businesses interest could be protected against the financial risks presented by political unrest.

A conducive business environment is key to successful business and economic development of the nation. The private sector's ability to conduct business in Kenya is threatened by violence which occurs mostly and with grave impact (poor returns for the companies and loss of jobs which results in loss of income especially at household level), in pre- and post-election periods. While many attribute the causes of such violence to tribalism, existing inequalities attributed partly to skewed allocation of resources and positions by successive regimes have also been pointed out as contributors as communities seek to have their own in Government so as to secure public positions and resources that would spur development.

Analysts have pointed out that the 2007/08 post-election violence has been largely attributed to unresolved historical issues and injustices in the country that have partly resulted in inequalities in Kenya. The private sector was not spared by the violence as its employees were injured in the melee and some business premises were looted or burnt down. Some organizations, through their Human Resource Managers, covertly tried to in the words of an FGD participant 'put the right people in the right places' i.e. having people whose ethnicity or ethnic group is considered friendly to local communities in volatile areas posted to those areas so as to protect those perceived as outsiders to local communities from attacks. As a result, some organizations were forced to draw

their senior most managers from the dominant ethnic community in ethnically charged violence hot spot areas to ensure continuity of business, a negative blow to diversity. This approach was favored by organizations whose survival and business depend on interaction with local communities as expressed in the sentiments below.

"Pre-2007 regional staff or managers would serve in any part of the nation irrespective of their tribe. Thus one would find a Kikuyu manager in Kisumu and a Luo Manager in Kiambu. During the violence, these managers had to be evacuated from their duty stations due to hostility from the dominant ethnic communities in these regions and some stations had to be closed. Post 2007, as much as my firm tried to ensure that there was diversity in staffing, the senior managers would be drawn from the dominant community in the area. This is not a formal policy but it something that was applied discreetly in order to ensure business continuity in such areas."

It is generally agreed, from the Focus Group Discussion with players in the private sector in Kenya that the private sector has a role in building a cohesive nation. Private sector organizations are agglomerate for employees from various backgrounds and have the potential to be an important site of engagement on diversity and cohesion matters. The sector, through its share of employment opportunities, can contribute to reducing inequalities in the country by ensuring diversity during recruitment of employees. The sector could champion campaigns against discrimination, set standards and provide objective ideas on diversity management and enhance awareness on National Cohesion since it has a wide clientele. The sector could use their profits to finance cohesion related activities and address systemic issues like poor access to education. As a major taxpayer the sector can exert pressure on the Government to be more accountable on issues to do with diversity and pluralism and also foster National dialogue and policies on diversity management and cohesion in Kenya.

It is clear that the private sector is an influential stakeholder in promoting diversity and pluralism in Kenya. The role of the private sector, though vital, has been focused on supporting political and legal processes as well as communities, via Corporate Social Responsibility. The Safaricom Foundation has contributed towards improving the lives of Kenyan communities. The Foundation has supported the implementation of projects in a broad range of areas including Economic Empowerment, Education, Environmental Conservation, Health, Water, Arts, Music and Culture, Sports and Disaster Relief, and our footprint in the country continues to expand. In the year 2009/10, the Foundation committed Kshs. 275.07 to 165 projects countrywide. In economic empowerment: The Foundation supported 59 economic empowerment projects, totaling Kshs. 67 million. These funds went towards supporting organizations and communities to implement projects in income generation, food security, employment creation and skills transfers through vocational training. In education, with the aim of providing quality education to Kenya's children, the Foundation has constructed and equipped libraries and laboratories in schools. The Foundation invested in infrastructural development and the provision of specialized learning equipment for special schools and schools in extremely marginalized areas. The Foundation supported 60 education projects, totaling Kshs. 81 million. However, the extent to which Kenya's private sector promotes and adheres to National values, geared to enhance diversity management or pluralism in the public arena, seem implied and expected, rather than factual, hence this study on the status of pluralism and diversity management in the private sector in Kenya. Policy recommendations and issues for advocacy emanating from the study will contribute towards a more inclusive private sector that provides opportunities equitably to all.

5.9 Organizational diversity in dealing with suppliers

The promotion of diversity in the supply chain is informed by several factors including changing competition as rival organizations compete for market share, and major companies that once sold to homogeneous customer bases now sell to diverse markets with multiple segments. Within the context of corporate social responsibility programs, working with the right suppliers can make a big difference in the operation of the value chain, as well as the company's standing with its local community and workforce. Global brands are increasingly recognizing the strong potential for supplier diversity programs to help them grow their businesses whether through increased market share among emerging customer bases, stronger share price, faster innovation cycles or more intangible measures such as brand awareness and loyalty (Dun & Bradstreet). Organizations seeking to expand engagement with a diverse supply base however report facing challenges.

A number of respondents in the study however identified ethical challenges encountered when attempting to for instance diversify suppliers. A participant in one of the FGDs reported that:

"Our organization decided to support small scale businesses to supply produce. The suppliers required frequent cash payment which led to an increase in white collar fraud (poor management of the petty cash by the staff) and losses to the business".

Another participant indicated that their organization

"….would like to support businesses in Kenya but the corruption and the demand for bribes has forced us to import supplies that we could have easily obtained locally. Also, various businesses have difficulty in meeting the standards required for the various products hence a business may be forced to work with the one supplier who can".

There was also a concern by a participant to report that:

"My company is losing business from certain government entities because we do not give kickback. In other occasions, we have been forced to stop transacting with some counties because they are unwilling to pay for goods and services rendered. On the flipside, some organizations choose to work with us, large service providers over small businesses because of our robust systems of accountability and ethics".

6

6.0 Policy Recommendations

Private sector organizations in Kenya should, through policies and deliberate action, ensure good management of diversity and promote pluralism. Deliberate policies should be developed with the objective of establishing a platform for organization transformation, establish competencies to guide and manage a diverse workforce, leverage a diverse workforce. They should also adhere to existing legislation and regulations on diversity.

Establish platform for organization transformation

Companies in the Kenya private sector should view diversity as an opportunity and not a problem. The top leadership including the board of an organization, as well as its top management are responsible for the realization of diversity in the workplace and the promotion of pluralism. All players in the sector should focus on the vision of diversity and pluralistic workplaces and should continuously challenge themselves to guide the ever expanding scope and needs of diversity at the workplace. There is a need for a change of culture through deliberate programs, policies and initiatives. Besides managing diversity, organizations in the Kenyan private sector should emphasize transformation towards pluralism in the work place. This can be attained through:

- Communicating company imperatives for the culture change towards embracing diversity.
- Sensitizing players in the sector on diversity, pluralism and the benefits of pluralism and impact of diversity management on the workforce and businesses.
- Holding regular dialogue platforms on diversity and pluralism among stakeholders in the sector including the regulators.
- Dismantling barriers established by networks in the recruitment process.

Establish competencies to guide and manage a diverse workforce

The ability of private sector organization's management and staff to appreciate workplace diversity and pluralistic environments can be enhanced through imparting of knowledge on these areas. An organization's approach to, and management of, diversity will be defined by the extent to which its managers recognize diversity, its potential advantages and disadvantages and whether the staff appreciates workplace diversity. Top management and staff in private sector organizations in Kenya should understand multiple cultures, values, and norms, demonstrate an ability to embrace and coexist with different dimensions of diversity in order to be effective across cultural contexts, understand the dynamics of inclusion-related conflicts, tensions, misunderstandings, recognize and address biases and effectively manages group dynamics, know and apply best practices in diversity and inclusion initiatives, strategies and policies. Players in the sector should develop and cultivate

skills that will promote diversity and pluralism at the work place. Organizations in the sector should:

- Train Human Resource Managers on diversity management, pluralism and monitoring the results of interventions.
- Raise awareness and train staff on dimensions of diversity and pluralism.
- Train staff on inter-personal and inter-group conflict resolution skills and leading and managing cross-cultural collaboration.
- Establish organization leadership and management practices that model inclusive behaviour practices and leveraging diversity.
- Hold workshops, seminars and forums on valuing diversity at the workplace and how to manage diversity interventions.
- Ensure that strategies for recruitment balance meritocracy and attainment of diversity at the workplace.

Enabling policies and strategies

Companies in the private sector should develop policies that support the strategy towards realization of diversity at the work place. They should set up several initiatives to improve the representation of diverse groups in the organization by influencing organizational policies and practices. They should commit to taking diversity policy measures that may include for instance numerical targets on the number of ethnic minorities to be employed. These initiatives may include for instance equal opportunity policies and affirmative action policies that aim at increasing the representation of diverse groups in different levels of employment. Equal opportunity policies focus on removing barriers to the equal treatment of groups while affirmative action policies are focused on the effects of equal treatment and equal results for diverse groups. Companies should:

- Ensure work spaces including office buildings are accessible to people with disabilities.
- Put in place support networks for new recruits to minimize isolation.
- Develop, adopt and implement clear strategies and formal policies that promote diversity and pluralism in the organization.
- Budget for implementation of diversity and monitoring diversity initiatives put in place by the organization.
- Private sector organizations should develop and enforce policies that promote diversity.

Interventions to leverage a diverse workforce

Besides putting in place diversity initiatives, organizations in the private sector should take specific steps to benefit from a diverse workforce. It is important that employees understand the business case for diversity. Organizations should therefore link diversity initiatives to the desired outcomes for the organization. Organizations in the sector should:

- Ensure top organization leadership and management commitment and accountability to ensuring diversity.
- Conduct a thorough needs assessment of the employees, jobs and the organization to ensure that diversity issues are well identified for appropriate interventions.
- Emphasize team-building among staff and consider group process training.

- Establish metrics and evaluate the effectiveness of diversity initiatives put in place by the organization.
- Have diversity management at the core of human resource practices and policies.

Adherence to legislation and regulations on diversity

Stakeholders in the private sector should ensure strict compliance with laid down regulations and legislative provisions on diversity and diversity management. These should be embedded into regulations and policies developed by organizations in the sector. Players in the sector should also come together for common interpretation of legal provisions touching on diversity and diversity management as they work towards ensuring uniform understanding and full implementation of the same. They should:

- Develop a matrix that can be used to measure diversity in the organizations in the sector.
- Review and harmonize legislations and regulatory frameworks touching on diversity management e.g. the immigration laws and policies to allow for easier movement of people and enforcement of the same.
- Strengthen sector regulator's capacity to effectively supervise and coordinate diversity management in the sector.
- Players in the sector should comply with the good corporate governance principles like separation between board membership composition and company ownership.
- Strengthen the International Organization of Standardization (ISO) certification process in the country by including diversity and pluralism principles.
- Put in place standardized monitoring and reporting mechanisms on diversity by players in the sector.

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